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SUPPLEMENT
TO THE
REPUBLIC OF SINGAPORE
GOVERNMENT GAZETTE
FRIDAY, 20TH JUNE 2008

REPORT ON THE AUDIT OF
THE FINANCIAL STATEMENTS OF
THE HOUSING AND DEVELOPMENT BOARD
FOR THE YEAR ENDED 31ST MARCH 2008

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HOUSING AND DEVELOPMENT BOARD**STATEMENT BY THE BOARD
FOR THE YEAR ENDED 31 MARCH 2008**

In our opinion, the accompanying balance sheets of the Group and the Housing and Development Board (HDB) as at 31 March 2008, income and expenditure statements and statements of changes in capital and reserves of the Group and the HDB and the cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes as set up on pages 4 to 49 are drawn up so as to give a true and fair view of the state of affairs of the Group and the HDB as at 31 March 2008, the results and changes in capital and reserves of the Group and the HDB, and changes in cash flows of the Group for the year ended on that date.

On Behalf of the Board



JAMES KOH CHER SIANG
Chairman



TAY KIM POH
Chief Executive Officer

30 May 2008

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
OF THE HOUSING AND DEVELOPMENT BOARD
FOR THE YEAR ENDED 31 MARCH 2008**

The accompanying financial statements of the Housing and Development Board (HDB) and its subsidiaries, set out on pages 4 to 49, have been audited under my directions and in accordance with the provisions of the Housing and Development Act (Cap. 129, 2004 Revised Edition) [“the Act”]. These financial statements comprise the balance sheets of the Group and the HDB as at 31 March 2008, the income and expenditure statements and statements of changes in capital and reserves of the Group and the HDB, and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s responsibility for the financial statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the Act and Statutory Board Financial Reporting Standards. This responsibility includes:

- (a) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility

My responsibility is to express an opinion on these financial statements based on the audit. The audit was conducted in accordance with the Act and Singapore Standards on Auditing. Those standards require that ethical requirements be complied with, and that the audit be planned and performed 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 entity’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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the entity’s management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion,

- (a) these financial statements are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the HDB as at 31 March 2008, and the results, changes in capital and reserves of the Group and of the HDB, and cash flows of the Group for the year ended on that date;
- (b) proper accounting and other records have been kept, including records of all assets of the HDB whether purchased, donated or otherwise; and
- (c) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the HDB during the financial year have been in accordance with the provisions of the Act and the Constitution.

Emphasis of matter

Without qualifying my opinion I draw attention to Note 2.9 to the financial statements. The Board did not carry out impairment review of rental flats and car parks as according to the HDB, these properties are for the provision of social services and amenities to the public.



LIM SOO PING
AUDITOR-GENERAL
SINGAPORE

30 May 2008

HOUSING AND DEVELOPMENT BOARD AND SUBSIDIARIES

BALANCE SHEETS AS AT 31 MARCH 2008

		HDB		Group	
		2007/2008	2006/2007	2007/2008	2006/2007
	Note	S\$'000	S\$'000	S\$'000	S\$'000
CAPITAL AND RESERVES					
Capital account		2,463,627	2,463,628	2,468,127	2,468,128
Capital gains reserve		5,992,813	5,736,308	5,992,813	5,736,308
Asset revaluation reserve		5,920,008	6,019,488	5,920,008	6,019,488
Foreign currency translation reserve		—	—	(21)	(19)
Fair value reserve		—	—	5,341	6,371
Retained earnings		—	—	71,740	68,742
		14,376,448	14,219,424	14,458,008	14,299,018
MINORITY INTERESTS		—	—	27,689	27,132
TOTAL EQUITY		14,376,448	14,219,424	14,485,697	14,326,150
NON-CURRENT ASSETS					
Property, plant and equipment	3	14,539,636	14,753,469	14,545,663	14,759,372
Investment properties	4	4,900,191	4,822,247	4,916,246	4,840,404
Loans receivable	5	46,826,533	49,451,350	46,826,651	49,451,609
Investments in subsidiary	6	1,500	1,500	—	—
Investments in associates	7	—	—	477	497
Other investments	8	—	—	55,800	57,182
Deferred tax asset	9	—	—	2,156	2,090
		66,267,860	69,028,566	66,346,993	69,111,154
CURRENT ASSETS					
Properties under development	10	2,443,494	2,635,589	2,443,494	2,635,589
Properties for sale	11	915,118	1,742,768	915,118	1,742,768
Inventories of building materials		53,168	52,364	64,997	54,174
Loans receivable within 1 year	5	2,853,471	2,743,609	2,853,552	2,743,745
Other investments	8	—	—	8,000	16,338
Government grant receivable	12	1,227,674	728,102	1,227,674	728,102
Debtors and other receivables	13	402,533	286,931	409,062	292,511
Cash and cash equivalents	14	38,378	20,321	62,851	39,877
		7,933,836	8,209,684	7,984,748	8,253,104
Less: CURRENT LIABILITIES					
Loans payable within 1 year	15	6,572,605	5,621,921	6,572,605	5,621,921
Creditors and other payables	16	1,397,741	1,206,504	1,420,560	1,224,397
Amount due to subsidiary		4,504	356	—	—
Provision for income tax	9	—	—	2,481	1,745
		7,974,850	6,828,781	7,995,646	6,848,063
NET CURRENT (LIABILITIES)/					
ASSETS		(41,014)	1,380,903	(10,898)	1,405,041
NON-CURRENT LIABILITIES					
Loans payable	15	51,255,748	55,588,607	51,255,748	55,588,607
Deferred income	17	594,650	601,438	594,650	601,438
		51,850,398	56,190,045	51,850,398	56,190,045
NET ASSETS		14,376,448	14,219,424	14,485,697	14,326,150

The accompanying notes form part of the financial statements.


JAMES KOH CHER SIANG
Chairman

30 May 2008


MAH LAI SEONG
Director (Finance)

**HOUSING AND DEVELOPMENT BOARD
AND SUBSIDIARIES**

**INCOME AND EXPENDITURE STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

	<i>Note</i>	<i>HDB</i>		<i>Group</i>	
		<i>2007/2008</i>	<i>2006/2007</i>	<i>2007/2008</i>	<i>2006/2007</i>
		<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Sale proceeds		2,621,710	1,211,677	2,621,710	1,211,677
Cost of sales		(2,517,738)	(1,160,787)	(2,517,738)	(1,160,787)
Gross profit		103,972	50,890	103,972	50,890
Income	18	3,004,300	2,941,546	3,090,981	3,004,144
Financial expenses	19	(1,613,883)	(1,725,520)	(1,613,883)	(1,725,520)
Operating expenses	20	(2,359,926)	(1,695,488)	(2,439,115)	(1,768,957)
Other expenses	20	(215,496)	(311,283)	(215,496)	(311,283)
		(1,081,033)	(739,855)	(1,073,541)	(750,726)
Share of results of associates	7	—	—	(20)	(91)
NET DEFICIT BEFORE GOVERNMENT GRANT AND TAXATION		(1,081,033)	(739,855)	(1,073,561)	(750,817)
Government grant	12	1,247,991	745,824	1,247,991	745,824
NET SURPLUS/(DEFICIT) BEFORE TAXATION		166,958	5,969	174,430	(4,993)
Income tax expense	9	—	—	(1,833)	(3,912)
NET SURPLUS/(DEFICIT) AFTER TAXATION		166,958	5,969	172,597	(8,905)
Minority interests		—	—	(2,641)	(2,398)
NET SURPLUS/(DEFICIT) FOR THE YEAR		166,958	5,969	169,956	(11,303)
RETAINED EARNINGS AT THE BEGINNING OF THE YEAR		—	—	68,742	86,014
Transfer from asset revaluation reserve		89,547	90,163	89,547	90,163
Transfer to capital gains reserve		(256,505)	(96,132)	(256,505)	(96,132)
RETAINED EARNINGS AT THE END OF THE YEAR		—	—	71,740	68,742

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED 31 MARCH 2008

<i>HDB</i>	<i>Capital Account</i>	<i>Capital Gains Reserve</i>	<i>Asset Revaluation Reserve</i>	<i>Retained Earnings</i>	<i>Total Capital and Reserves</i>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
BALANCE AS AT 1 APRIL 2007	2,463,628	5,736,308	6,019,488	—	14,219,424
Reversal on return of land to the Government	—	—	(9,481)	—	(9,481)
Reversal of impairment losses	—	120,773	109	(120,773)	109
Assets overstated in prior years	(1)	—	(561)	—	(562)
Capital gains set aside on disposal of assets	—	135,732	—	(135,732)	—
Release on sale and demolition of assets	—	—	(89,547)	89,547	—
Net gains/(losses) recognised directly in capital and reserves	(1)	256,505	(99,480)	(166,958)	(9,934)
Net surplus for the year	—	—	—	166,958	166,958
TOTAL RECOGNISED GAINS/(LOSSES) FOR THE YEAR	(1)	256,505	(99,480)	—	157,024
BALANCE AS AT 31 MARCH 2008	2,463,627	5,992,813	5,920,008	—	14,376,448

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED 31 MARCH 2008

<i>HDB</i>	<i>Capital Account</i>	<i>Capital Gains Reserve</i>	<i>Asset Revaluation Reserve</i>	<i>Retained Earnings</i>	<i>Total Capital and Reserves</i>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
BALANCE AS AT 1 APRIL 2006	2,463,681	5,640,176	6,144,743	—	14,248,600
Reversal on return of land to the Government	—	—	(32,804)	—	(32,804)
Impairment losses	—	(26,758)	—	26,758	—
Assets overstated in prior years	(53)	—	(2,288)	—	(2,341)
Capital gains set aside on disposal of assets	—	122,890	—	(122,890)	—
Release on sale and demolition of assets	—	—	(90,163)	90,163	—
Net gains/(losses) recognised directly in capital and reserves	(53)	96,132	(125,255)	(5,969)	(35,145)
Net surplus for the year	—	—	—	5,969	5,969
TOTAL RECOGNISED GAINS/(LOSSES) FOR THE YEAR	(53)	96,132	(125,255)	—	(29,176)
BALANCE AS AT 31 MARCH 2007	2,463,628	5,736,308	6,019,488	—	14,219,424

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED 31 MARCH 2008

<i>Group</i>	<i>Capital Account</i>	<i>Capital Gains Reserve</i>	<i>Asset Revaluation Reserve</i>	<i>Foreign Currency Translation Reserve</i>	<i>Fair Value Reserve</i>	<i>Retained Earnings</i>	<i>Minority Interests</i>	<i>Total Capital and Reserves</i>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
BALANCE AS AT 1 APRIL 2007	2,468,128	5,736,308	6,019,488	(19)	6,371	68,742	27,132	14,326,150
Reversal on return of land to the Government	—	—	(9,481)	—	—	—	—	(9,481)
Reversal of impairment losses	—	120,773	109	—	—	(120,773)	—	109
Assets overstated in prior years	(1)	—	(561)	—	—	—	—	(562)
Fair value changes on available-for-sale assets	—	—	—	—	(1,030)	—	(343)	(1,373)
Transfer from foreign currency translation reserve to Income and Expenditure Statement	—	—	—	(2)	—	—	(1)	(3)
Capital gains set aside on disposal of assets	—	135,732	—	—	—	(135,732)	—	—
Release on sale and demolition of assets	—	—	(89,547)	—	—	89,547	—	—
Effect of disposal of subsidiary (Note 6)	—	—	—	—	—	—	(100)	(100)
Net gains/(losses) recognised directly in capital and reserves	(1)	256,505	(99,480)	(2)	(1,030)	(166,958)	(444)	(11,410)
Net surplus for the year	—	—	—	—	—	169,956	2,641	172,597
TOTAL RECOGNISED GAINS/(LOSSES) FOR THE YEAR	(1)	256,505	(99,480)	(2)	(1,030)	2,998	2,197	161,187
Dividends paid	—	—	—	—	—	—	(1,640)	(1,640)
BALANCE AS AT 31 MARCH 2008	2,468,127	5,992,813	5,920,008	(21)	5,341	71,740	27,689	14,485,697

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED 31 MARCH 2008

<i>Group</i>	<i>Capital Account</i>	<i>Capital Gains Reserve</i>	<i>Asset Revaluation Reserve</i>	<i>Foreign Currency Translation Reserve</i>	<i>Fair Value Reserve</i>	<i>Retained Earnings</i>	<i>Minority Interests</i>	<i>Total Capital and Reserves</i>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
BALANCE AS AT 1 APRIL 2006	2,468,181	5,640,176	6,144,743	(24)	4,179	86,014	32,156	14,375,425
Reversal on return of land to the Government	—	—	(32,804)	—	—	—	—	(32,804)
Impairment losses	—	(26,758)	—	—	—	26,758	—	—
Assets overstated in prior years	(53)	—	(2,288)	—	—	—	—	(2,341)
Fair value changes on available-for-sale assets	—	—	—	—	2,192	—	731	2,923
Share of associates' foreign currency translation reserves	—	—	—	5	—	—	2	7
Capital gains set aside on disposal of assets	—	122,890	—	—	—	(122,890)	—	—
Release on sale and demolition of assets	—	—	(90,163)	—	—	90,163	—	—
Net gains/(losses) recognised directly in capital and reserves	(53)	96,132	(125,255)	5	2,192	(5,969)	733	(32,215)
Net surplus/(deficit) for the year	—	—	—	—	—	(11,303)	2,398	(8,905)
TOTAL RECOGNISED GAINS/(LOSSES) FOR THE YEAR	(53)	96,132	(125,255)	5	2,192	(17,272)	3,131	(41,120)
Dividends paid	—	—	—	—	—	—	(8,155)	(8,155)
BALANCE AS AT 31 MARCH 2007	2,468,128	5,736,308	6,019,488	(19)	6,371	68,742	27,132	14,326,150

The accompanying notes form part of the financial statements.

**HOUSING AND DEVELOPMENT BOARD
AND SUBSIDIARIES**

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008**

	<i>Note</i>	<i>Group</i>	
		<i>2007/2008</i>	<i>2006/2007</i>
		<i>S\$'000</i>	<i>S\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net deficit before government grant and taxation		(1,073,561)	(750,817)
Adjustments for:			
Interest income	18	(1,416,616)	(1,479,723)
Interest expense	19	1,614,774	1,726,307
Depreciation	20	313,946	309,369
Provision for loss for properties under development/for sale		467,313	58,449
Gain on disposal/write-off of assets		(21,043)	(1,714)
(Reversal of impairment losses)/Impairment losses on property, plant and equipment, and investment properties	20	(120,773)	23,783
(Reversal of allowance)/Allowance for impairment losses on loans receivable and debtors		(25,642)	26,577
Amortisation of deferred income		(73,840)	(70,933)
Amortisation of premium/discount on bonds	19	(891)	(787)
Investment income		(3,829)	(5,557)
Share of results of associates	7	20	91
Gain on disposal of associate		(24)	—
Deficit before working capital changes		(340,166)	(164,955)
(Increase)/Decrease in working capital:			
Properties under development		(1,682,677)	(1,050,963)
Properties for sale		2,549,180	1,015,705
Inventories of building materials		(10,823)	(804)
Debtors and other receivables		(121,026)	(1,812)
Creditors and other payables		243,888	(27,886)
		978,542	(65,760)
Loans repayment and interest received		7,033,643	7,086,526
Loans granted		(3,071,874)	(3,271,530)
Interest paid		(1,406,752)	(1,430,874)
Income tax paid	9	(1,163)	(3,797)
Deferred income received		69,690	65,516
Net cash from operating activities		3,261,920	2,215,126

**HOUSING AND DEVELOPMENT BOARD
AND SUBSIDIARIES**

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008**

	<i>Note</i>	<i>Group</i>	
		<i>2007/2008</i>	<i>2006/2007</i>
		<i>S\$'000</i>	<i>S\$'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment, and investment properties		99,164	43,361
Capital expenditure		(354,394)	(150,858)
Purchase of property, plant and equipment, and investment properties		(51,387)	(14,597)
Interest received		2,264	3,700
Dividends received from other investments		1,772	2,382
Proceeds from disposal of other investments		19,749	24,340
Purchase of investments		(11,501)	(4,645)
Proceeds from disposal of associate	7	21	—
Disposal of subsidiary	6	(100)	—
Net cash used in investing activities		<u>(294,412)</u>	<u>(96,317)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans payable		10,105,972	11,388,221
Repayment of loans payable		(13,487,256)	(13,826,517)
Interest paid		(310,029)	(349,427)
Net government grant received		748,419	673,992
Dividends paid to minority shareholders		(1,640)	(8,155)
Net cash used in financing activities		<u>(2,944,534)</u>	<u>(2,121,886)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		22,974	(3,077)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>39,877</u>	<u>42,954</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	14	<u><u>62,851</u></u>	<u><u>39,877</u></u>

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Housing and Development Board (HDB) is a statutory body incorporated under the Housing and Development Act (Cap. 129, 2004 Revised Edition) under the purview of the Ministry of National Development (MND). As a statutory board, the HDB is subject to the directions of the MND and is required to implement policies and comply with instructions from its supervisory Ministry and other Government Ministries and Departments such as the Ministry of Finance (MOF).

The address of HDB is HDB Hub 480 Lorong 6 Toa Payoh Singapore 310480.

The principal activities of the HDB consist of the sale and rental of residential flats, the upgrading and redevelopment of older estates, and the provision of mortgage loans to eligible purchasers of flats under the public housing schemes. In addition, the HDB develops and manages ancillary facilities such as commercial properties, industrial properties, car parks, markets, hawker centres, and other amenities in the housing estates.

The financial statements of the HDB and the consolidated financial statements for the Group for the year ended 31 March 2008 were authorised for issue in accordance with the approval of the Board on 28 May 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of Preparation*

The Accounting Standards Act 2007 (No. 39 of 2007) came into effect on 1 November 2007. Under the Act, the Accountant-General is appointed as the legal authority to prescribe accounting standards for Statutory Boards. Every Statutory Board specified in the First Schedule of the Act shall prepare its financial statements in compliance with the accounting standards established by the Accountant-General. On 11 March 2008, the Accountant-General issued the Statutory Board Financial Reporting Standards (SB-FRS) (<http://www.assb.gov.sg/>), which take effect retrospectively.

The financial statements for the Group have been prepared in accordance with the provisions of the Housing and Development Act and SB-FRS, including related Interpretations and Guidance Notes. The SB-FRS are equivalent to the Singapore Financial Reporting Standards (SFRS) with the exception of certain related party disclosures which are optional under SB-FRS 24. As the Group continues to make these related party disclosures which are now optional, the adoption of the SB-FRS in place of the SFRS applied previously does not have material impact on the accounting policies and figures presented in the financial statements for the financial year ended 31 March 2008.

The financial statements are expressed in Singapore Dollars (\$S), which is the HDB's functional currency, and rounded to the nearest thousand, unless otherwise stated. They are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SB-FRS requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenditure and disclosure of contingent assets and liabilities in the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Significant areas of estimation and management judgement with regard to valuation of assets are disclosed in Note 2.9 and 2.18.

2.1 *Basis of Preparation — (continued)*

The Group has not yet adopted SB-FRS 108: Operating Segments that has been issued as of the balance sheet date but is only mandatory for financial years beginning on or after 1 January 2009. The adoption of SB-FRS 108 is not expected to have a significant impact on the Group's financial statements.

2.2 *Group Accounting*

(i) *Consolidation*

The consolidated financial statements include the financial statements of the HDB and its subsidiaries prepared up to the end of the financial year after the elimination of all material inter-company transactions. The equity and net surplus attributable to minority shareholders' interest are shown separately in the consolidated Balance Sheet and Income and Expenditure Statement respectively.

In the consolidated financial statements, subsidiaries are accounted for using the purchase method. The subsidiaries are consolidated from the date of formation up to the effective date of disposal. Interest in associates is accounted for using the equity method of accounting. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

(ii) *Subsidiaries*

A subsidiary is a company in which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The investments held in the subsidiaries are stated at cost less any impairment loss in the Balance Sheet. The investments in subsidiaries are assessed when there is an indication that an investment has been impaired or the impairment losses recognised in the prior year no longer exist.

(iii) *Associates*

An associate is a company in which the Group has significant influence over the company's financial and operating policy decisions, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Group's investments in the associates are accounted for using the equity method. Under the equity method, the Group's investments in associates are carried in the Balance Sheet at cost, plus post-acquisition changes in the Group's share of net assets of the associates, less allowance for impairment, if any. The Group's share of the operating results of the associates is included in the Income and Expenditure Statement. Where the share of associates' losses exceeds the Group's interest in the associates, such excess is not recognised in the Income and Expenditure Statement.

2.3 *Capital Account*

The capital account represents:

- (i) the effects of identification and valuation of all properties and changes in accounting when the HDB adopted the present conventional accounting system on 1 April 1985; and
- (ii) the premium on the sale of land under the previous accounting system.

2.4 *Capital Gains Reserve*

Under the Constitution of the Republic of Singapore, reserves of the HDB which were not accumulated during the current term of office of the Government cannot be drawn on without the approval of the President. The capital gains reserve was created to enable the HDB to preserve the capital gains attributable to past governments on disposal of assets held at the changeover date of the Government.

2.5 *Asset Revaluation Reserve*

The previous system did not maintain individual asset accounts and the HDB was unable to identify the historical cost of each asset. When the HDB adopted the present conventional accounting system in 1985, all properties owned by the HDB at 1 April 1985 were valued at that date for the purpose of creating asset accounts arising from a change in accounting policy. The bases of valuation were:

- (i) Land and buildings of residential properties together with ancillary facilities such as car parks, markets and hawker centres were valued at replacement cost less depreciation since the date of completion of construction; and
- (ii) Land and buildings for commercial and industrial properties were valued at open market value.

The HDB conducted a second valuation for the commercial and industrial properties on 31 March 1986. The valuations were conducted by its in-house valuers. The surplus over the estimated historical cost of the properties which could be reasonably identified is carried forward as the asset revaluation reserve. On 1 April 2005, the asset revaluation reserve in respect of investment properties was reclassified to capital gains reserve.

The balance in the asset revaluation reserve is released directly to retained earnings upon disposal of the other properties [Note 2.7(ii)].

When properties which were previously carried at revalued amounts are impaired, the impairment loss would be charged to the asset revaluation reserve unless the balance in the asset revaluation reserve is insufficient to cover the loss, in which case the amount by which the loss exceeds the amount in the asset revaluation reserve is charged to the Income and Expenditure Statement.

2.6 *Fair Value Reserve*

The fair value reserve includes the cumulative net change in the fair value of available-for-sale financial assets that is recognised directly to reserves until the financial assets are derecognised.

2.7 *Property, Plant and Equipment*

(i) *Measurement*

All land and buildings owned by the HDB at 1 April 1985 were valued at that date for the purpose of creating asset accounts arising from a change in accounting policy. Additional information on the valuation of the properties is made in Note 2.5.

All land and buildings acquired or constructed after 1 April 1985 are recorded at cost less accumulated depreciation and impairment losses. Cost of properties includes the cost of land, construction cost, development overheads and financing cost until completion of the project.

When a building comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Plant, equipment and others are stated at cost less accumulated depreciation and impairment losses. Assets costing less than S\$2,000 each are written off in the year of acquisition.

(ii) *Derecognition*

An item of property, plant and equipment is derecognised upon its disposal. The difference between the net disposal proceeds and its carrying amount is taken to the Income and Expenditure Statement.

(iii) *Subsequent Expenditure*

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance before the expenditure was made, will flow to the Group and the cost can be reliably measured. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

2.7 *Property, Plant and Equipment — (continued)*

(iv) *Depreciation*

No depreciation is provided on freehold land, leasehold land of 999 years and artworks. All other property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, as follows:

Leasehold land	— 99 years or the remaining lease period
Buildings	— 60 years
Leasehold property	— remaining lease period
Plant and machinery	— 3–10 years
Office equipment, furniture, fixtures and fittings	— 3–12 years
Motor vehicles	— 6 years

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

The useful lives and residual values of property, plant and equipment are reviewed and adjusted as appropriate at each balance sheet date.

2.8 *Investment Properties*

Investment properties are held for their long-term rental yields or for capital appreciation or both, and are not occupied by the companies of the Group.

Investment properties, comprising industrial properties and commercial complexes, are stated at cost less accumulated depreciation and impairment losses. The fair value of the investment properties disclosed in Note 4 is based on the comparable sales method or the income approach as stated in Note 2.9. Depreciation is determined on a straight-line basis over the estimated useful lives. The useful lives are stated in Note 2.7(iv).

Property that is being developed for future use as investment property is classified as property under development until the development is completed, at which time it is classified and accounted for as investment property.

On disposal of an investment property, the difference between the net proceeds and the carrying amount is taken to the Income and Expenditure Statement.

2.9 *Impairment of Property, Plant and Equipment, and Investment Properties*

Property, plant and equipment, and investment properties are reviewed for impairment whenever events or changes in circumstances indicate that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) of the asset is estimated to determine the amount of impairment loss.

The recoverable amount is determined in-house using the comparable sales method or the income approach based on contractual or market rents. Valuations based on income approach are further verified with a sampling of market valuations by a private valuer.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised as operating expenses in the Income and Expenditure Statement unless it reverses a previous revaluation credited to asset revaluation reserve, in which case it is charged to asset revaluation reserve.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in the Income and Expenditure Statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. However, the increased carrying amount of the asset due to a reversal of impairment losses is recognised to the extent it does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for that asset in prior years.

2.9 *Impairment of Property, Plant and Equipment, and Investment Properties — (continued)*

For properties where the fees and charges recoverable from the rental of these properties are gazetted, or applicable only to eligible tenants under criteria which are in line with the Government's housing and social policies, no review for impairment is carried out.

2.10 *Properties under Development*

Properties under development include assets under construction, properties for sale under development, cost of reconfiguration, and cost of upgrading sold properties that is recoverable from lessees and Town Councils on completion.

The cost of properties under development includes acquisition costs, borrowing costs and other related development expenditure. Borrowing costs are capitalised until the completion of development.

Assets under construction are stated at cost less foreseeable loss. Depreciation will commence when the asset is available for use.

Properties for sale under development are stated at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

Development of flats for sale is expected to incur a loss on sale. Provision is made for foreseeable loss for the difference between estimated development costs and net realisable value, and charged to operating expenses in the Income and Expenditure Statement. On completion, the loss is reclassified to provision for unrealised loss of the properties for sale or realised when the flat is sold.

2.11 *Properties for Sale*

Properties for sale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis. The net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

Provision for unrealised loss for flats developed or acquired is made for the difference between the cost and estimated selling price less selling expenses, and charged to operating expenses in the Income and Expenditure Statement. The unrealised loss previously provided is realised on sale of the flat.

2.12 *Inventories of Building Materials*

Inventories of building materials are stated at the lower of cost and net realisable value. Cost is determined by the weighted average basis.

2.13 *Loans Receivable, Debtors and Other Receivables*

Loans receivable, debtors and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

If there is objective evidence that an impairment on loans receivable, debtors and other receivables has occurred, the carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in the Income and Expenditure Statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the Income and Expenditure Statement, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

2.14 Investments in Financial Assets

(i) Classification and Measurement

The investments in financial assets of the Group are classified into two categories: held-to-maturity investments and available-for-sale financial assets.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, they are classified as held-to-maturity investments. These investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

The Group's investments in certain equity securities and debt securities are classified as available-for-sale financial assets if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value (Note 2.18) and changes therein, other than for impairment losses, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the Income and Expenditure Statement.

(ii) Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the Income and Expenditure Statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the Income and Expenditure Statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the Income and Expenditure Statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

2.15 Cash and Cash Equivalents

Cash and cash equivalents comprise fixed deposits and cash and bank balances. They are subject to an insignificant risk of change in value.

2.16 Loans Payable

The housing development loans, mortgage financing loans and upgrading financing loans are borrowed from the Government under an Agreement for Loan Facility.

The mortgage financing loans and upgrading financing loans are taken to finance the mortgage loans granted to lessees for purchase of flats under public housing schemes and loans granted to lessees of upgraded flats under the deferred payment scheme. The housing development loans, bonds and bank loans are to finance the HDB's development programmes and operational requirements. The housing development loans were fully repaid as at 31 March 2008. The HDB would continue to issue bonds and obtain bank loans for its funding requirements, with the MOF acting as the lender of last resort.

2.16 *Loans Payable — (continued)*

The loans and bonds are initially recognised at fair value. After initial recognition, they are subsequently measured at amortised cost using the effective interest method.

2.17 *Creditors and Other Payables*

Creditors and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 *Fair Value Estimation*

The fair value of financial instruments traded in active markets is based on quoted market prices at balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. The indicative bid price is used for the bonds issued by the Group.

The carrying amounts of loans receivable, government and bank loans, cash and cash equivalents, current receivables and current payables are assumed to approximate their fair values. The Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

2.19 *Provisions*

A provision is recognised in the Balance Sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

2.20 *Property Leases*

(i) When the Group is a lessor:

Leases of assets where substantially all risks and rewards incidental to ownership of the assets are transferred by the Group to the lessees are classified as finance leases. The difference between the present value of the lump sum lease payment and the carrying amount of the asset less the present value of the estimated residual value accruing to the Group, is recognised as profit or loss in the Income and Expenditure Statement in the year in which the lease is granted.

All other leases are treated as operating leases. Assets leased out under operating lease are included in the investment properties and property, plant and equipment. The rental income from the lease (net of any incentives) is recognised in the Income and Expenditure Statement on a straight-line basis over the lease term.

(ii) When the Group is a lessee:

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the lease term, are classified as operating leases. Operating lease payments are recognised as an expense in the Income and Expenditure Statement on a straight-line basis over the lease term.

2.21 *Employee Benefits*

(i) *Defined Contribution Plans*

Contributions on employees' salaries are made to the Central Provident Fund (CPF), as required by law. The CPF contributions are recognised as an expense in the period when the employees rendered their services.

(ii) *Employee Leave Entitlement*

Employee entitlements to annual leave are recognised when they accrue to the employees. An accrual of the estimated liability for annual leave, based on services rendered by employees, is made at balance sheet date.

2.21 *Employee Benefits — (continued)*

(iii) *Termination Benefits*

Termination benefits are payable whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised as a result of an offer made due to redundancy.

2.22 *Income Recognition*

(i) *Sale Proceeds*

Proceeds from sale of properties and building materials are recognised as income when they are sold.

(ii) *Interest*

Interest income is earned mainly from mortgage loans granted to purchasers of flats under public housing schemes. It is accrued based on the effective interest rate.

(iii) *Rental and Related Income*

Rental and related income from operating leases on investment and other properties are recognised on a straight-line basis over the lease term.

(iv) *Car Park Charges*

Season parking fees are recognised on the accrual basis. Parking coupon income is recognised upon the sale of coupons. Parking fines and other charges are recognised upon receipt of payments.

(v) *Recoveries*

Recoveries from the lessees and Town Councils for their share of the upgrading cost are recognised as income upon completion of the upgrading works.

(vi) *Agency and Consultancy Fees*

Agency fees from agency projects and consultancy fees are recognised as income when services are rendered.

(vii) *Investment Income*

Interest income is accrued based on the effective interest rate.

Dividend income is recognised when the shareholder's right to receive payment is established.

2.23 *Financial Expenses*

(i) *Housing Development Loans, Bank Loans and Bonds*

The HDB's development programmes and operational requirements are financed by housing development loans from the Government (Note 2.16), bank loans and bonds issued. Financial expenses comprise interest incurred on these loans and bonds and net amortised discount or premium on bonds. Financial expenses are accrued based on the effective interest rates and recognised in the Income and Expenditure Statement, except to the extent that they are capitalised based on an average capitalisation rate during the period of time that is required to complete and prepare the asset for its intended use.

(ii) *Mortgage and Upgrading Financing Loans*

The HDB provides financing schemes to purchasers of flats under public housing schemes and lessees of upgraded flats. The schemes are financed by mortgage and upgrading financing loans from the Government. Interest expenses are charged to the Income and Expenditure Statement when incurred.

2.24 *Taxation*

The HDB is exempt from tax under section 13(1)(e) of the Income Tax Act (Cap. 134, 2004 Revised Edition).

Income tax expense of its subsidiaries comprises current and deferred tax. Income tax expense is recognised in the Income and Expenditure Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.25 *Government Grant*

The HDB's deficit is financed by government grant. In addition, a grant is given to the HDB so that the reserves of past governments are protected in accordance with the Constitution.

Grant is recognised as income on an accrual basis when conditions are met. Grant to finance the HDB's deficit, other than the provision for foreseeable loss in properties for sale and impairment allowance of loans receivable, is received in advance. The grant relating to the provision for foreseeable loss and impairment allowance of loans receivable is drawn when the loss is realised.

The financing arrangement is subject to the MOF's review from time to time. The cumulative grant received from the Government since the establishment of the HDB is disclosed in Note 21.

2.26 *Foreign Currency*

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity.

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Foreign currency differences arising on retranslation are recognised in the Income and Expenditure Statement.

The assets and liabilities of foreign operations are translated to Singapore Dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore Dollars at average exchange rates. Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or full, the relevant amount in the foreign currency translation reserve is transferred to the Income and Expenditure.

3. PROPERTY, PLANT AND EQUIPMENT

	<i>HDB</i>						
	<i>Freehold Land</i>	<i>Leasehold Land</i>	<i>Buildings</i>	<i>Leasehold Property</i>	<i>Plant and Machinery</i>	<i>Office Equipment, Furniture and Vehicles</i>	<i>Total</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
<i>Cost or valuation</i>							
At 1 April 2007	78,905	11,418,651	6,352,146	—	11,028	71,130	17,931,860
Additions	25	88,608	150,514	12,095	1,001	3,187	255,430
Disposals/Write-off	(3,235)	(99,278)	(24,445)	—	(853)	(9,036)	(136,847)
Transfer to investment properties	—	(16,106)	(28,163)	—	—	—	(44,269)
Transfer to properties for sale	—	(89,396)	(61,840)	—	—	—	(151,236)
Reclassifications	—	115	(706)	—	—	591	—
At 31 March 2008	<u>75,695</u>	<u>11,302,594</u>	<u>6,387,506</u>	<u>12,095</u>	<u>11,176</u>	<u>65,872</u>	<u>17,854,938</u>
<i>Representing:</i>							
Valuation							
1 April 1985	48,815	4,628,972	870,450	—	—	—	5,548,237
31 March 1986	24,110	825,138	298,326	—	—	—	1,147,574
Cost	<u>2,770</u>	<u>5,848,484</u>	<u>5,218,730</u>	<u>12,095</u>	<u>11,176</u>	<u>65,872</u>	<u>11,159,127</u>
	<u>75,695</u>	<u>11,302,594</u>	<u>6,387,506</u>	<u>12,095</u>	<u>11,176</u>	<u>65,872</u>	<u>17,854,938</u>

3. PROPERTY, PLANT AND EQUIPMENT — (continued)

	HDB						
	<i>Freehold Land</i>	<i>Leasehold Land</i>	<i>Buildings</i>	<i>Leasehold Property</i>	<i>Plant and Machinery</i>	<i>Office Equipment, Furniture and Vehicles</i>	<i>Total</i>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<i>Accumulated depreciation and impairment losses</i>							
At 1 April 2007	—	1,727,145	1,377,679	—	9,741	63,826	3,178,391
Depreciation	—	119,494	112,131	—	518	3,461	235,604
Disposals/Write-off	—	(33,341)	(5,940)	—	(767)	(8,997)	(49,045)
Transfer to investment properties	—	(2,542)	(9,043)	—	—	—	(11,585)
Transfer to properties for sale	—	(14,654)	(20,754)	—	—	—	(35,408)
Reclassifications	—	24	(69)	—	—	45	—
Impairment losses	—	728	339	—	—	—	1,067
Reversal of impairment losses	—	(2,505)	(1,217)	—	—	—	(3,722)
At 31 March 2008	—	1,794,349	1,453,126	—	9,492	58,335	3,315,302
<i>Carrying amounts</i>							
At 31 March 2008	75,695	9,508,245	4,934,380	12,095	1,684	7,537	14,539,636

Land and buildings include markets and hawker centres which are managed by the National Environment Agency (NEA). Under the agreement to manage and maintain the markets and hawker centres, the NEA shall retain the rental collected, bear the operating expenses and reimburse HDB for holding and maintaining these properties. The net book value of these markets and hawker centres was S\$436 million (FY 2006/2007: S\$435 million).

The impairment losses of S\$1 million (FY 2006/2007: S\$10 million) and the reversal of S\$4 million (FY 2006/2007: S\$1 million) in respect of some commercial properties were based on the estimated recoverable values, taking into account the recent tenders and market comparables for these properties.

3. PROPERTY, PLANT AND EQUIPMENT — *(continued)*

	<i>HDB</i>					
	<i>Freehold Land</i>	<i>Leasehold Land</i>	<i>Buildings</i>	<i>Plant and Machinery</i>	<i>Office Equipment, Furniture and Vehicles</i>	<i>Total</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
<i>Cost or valuation</i>						
At 1 April 2006	49,361	11,561,683	6,308,947	11,770	75,311	18,007,072
Additions	—	47,349	92,093	153	1,738	141,333
Disposals/Write-off	(205)	(117,964)	(14,581)	(895)	(5,919)	(139,564)
Transfer from investment properties	—	2,879	—	—	—	2,879
Transfer to properties under development	—	(8,361)	—	—	—	(8,361)
Transfer to properties for sale	—	(37,071)	(34,428)	—	—	(71,499)
Reclassifications	29,749	(29,864)	115	—	—	—
At 31 March 2007	<u>78,905</u>	<u>11,418,651</u>	<u>6,352,146</u>	<u>11,028</u>	<u>71,130</u>	<u>17,931,860</u>
<i>Representing:</i>						
Valuation						
1 April 1985	48,944	4,728,257	908,096	—	—	5,685,297
31 March 1986	24,110	840,694	300,780	—	—	1,165,584
Cost	<u>5,851</u>	<u>5,849,700</u>	<u>5,143,270</u>	<u>11,028</u>	<u>71,130</u>	<u>11,080,979</u>
	<u>78,905</u>	<u>11,418,651</u>	<u>6,352,146</u>	<u>11,028</u>	<u>71,130</u>	<u>17,931,860</u>

3. PROPERTY, PLANT AND EQUIPMENT — (continued)

	<i>HDB</i>					
	<i>Freehold Land</i>	<i>Leasehold Land</i>	<i>Buildings</i>	<i>Plant and Machinery</i>	<i>Office Equipment, Furniture and Vehicles</i>	<i>Total</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
<i>Accumulated depreciation and impairment losses</i>						
At 1 April 2006	—	1,666,415	1,278,318	10,237	65,614	3,020,584
Depreciation	—	116,035	111,715	398	4,076	232,224
Disposals/Write-off	—	(54,550)	(4,991)	(894)	(5,864)	(66,299)
Transfer from investment properties	—	527	—	—	—	527
Transfer to properties under development	—	(1,394)	—	—	—	(1,394)
Transfer to properties for sale	—	(5,386)	(10,616)	—	—	(16,002)
Reclassifications	—	(19)	19	—	—	—
Impairment losses	—	6,513	3,693	—	—	10,206
Reversal of impairment losses	—	(996)	(459)	—	—	(1,455)
At 31 March 2007	—	1,727,145	1,377,679	9,741	63,826	3,178,391
<i>Carrying amounts</i>						
At 31 March 2007	78,905	9,691,506	4,974,467	1,287	7,304	14,753,469

3. PROPERTY, PLANT AND EQUIPMENT — (continued)

	<i>Group</i>						
	<i>Freehold Land</i>	<i>Leasehold Land</i>	<i>Buildings</i>	<i>Leasehold Property</i>	<i>Plant and Machinery</i>	<i>Office Equipment, Furniture and Vehicles</i>	<i>Total</i>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<i>Cost or valuation</i>							
At 1 April 2007	78,905	11,418,651	6,357,715	—	11,294	74,585	17,941,150
Additions	25	88,608	150,514	12,095	1,051	3,727	256,020
Disposals/Write-off	(3,235)	(99,278)	(24,445)	—	(856)	(10,194)	(138,008)
Transfer to investment properties	—	(16,106)	(28,163)	—	—	—	(44,269)
Transfer to properties for sale	—	(89,396)	(61,840)	—	—	—	(151,236)
Reclassifications	—	115	(706)	—	—	591	—
At 31 March 2008	<u>75,695</u>	<u>11,302,594</u>	<u>6,393,075</u>	<u>12,095</u>	<u>11,489</u>	<u>68,709</u>	<u>17,863,657</u>
<i>Representing:</i>							
Valuation							
1 April 1985	48,815	4,628,972	870,450	—	—	—	5,548,237
31 March 1986	24,110	825,138	298,326	—	—	—	1,147,574
Cost	<u>2,770</u>	<u>5,848,484</u>	<u>5,224,299</u>	<u>12,095</u>	<u>11,489</u>	<u>68,709</u>	<u>11,167,846</u>
	<u>75,695</u>	<u>11,302,594</u>	<u>6,393,075</u>	<u>12,095</u>	<u>11,489</u>	<u>68,709</u>	<u>17,863,657</u>

3. PROPERTY, PLANT AND EQUIPMENT — (continued)

	Group						
	Freehold Land	Leasehold Land	Buildings	Leasehold Property	Plant and Machinery	Office Equipment, Furniture and Vehicles	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Accumulated depreciation and impairment losses							
At 1 April 2007	—	1,727,145	1,378,292	—	9,991	66,350	3,181,778
Depreciation	—	119,494	112,226	—	534	3,792	236,046
Disposals/Write-off	—	(33,341)	(5,940)	—	(770)	(10,131)	(50,182)
Transfer to investment properties	—	(2,542)	(9,043)	—	—	—	(11,585)
Transfer to properties for sale	—	(14,654)	(20,754)	—	—	—	(35,408)
Reclassifications	—	24	(69)	—	—	45	—
Impairment losses	—	728	339	—	—	—	1,067
Reversal of impairment losses	—	(2,505)	(1,217)	—	—	—	(3,722)
At 31 March 2008	—	1,794,349	1,453,834	—	9,755	60,056	3,317,994
Carrying amounts							
At 31 March 2008	75,695	9,508,245	4,939,241	12,095	1,734	8,653	14,545,663

3. PROPERTY, PLANT AND EQUIPMENT — *(continued)*

	<i>Group</i>					
	<i>Freehold Land</i>	<i>Leasehold Land</i>	<i>Buildings</i>	<i>Plant and Machinery</i>	<i>Office Equipment, Furniture and Vehicles</i>	<i>Total</i>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<i>Cost or valuation</i>						
At 1 April 2006	49,361	11,561,683	6,314,516	12,040	79,120	18,016,720
Additions	—	47,349	92,093	159	2,177	141,778
Disposals/Write-off	(205)	(117,964)	(14,581)	(905)	(6,712)	(140,367)
Transfer from investment properties	—	2,879	—	—	—	2,879
Transfer to properties under development	—	(8,361)	—	—	—	(8,361)
Transfer to properties for sale	—	(37,071)	(34,428)	—	—	(71,499)
Reclassifications	29,749	(29,864)	115	—	—	—
At 31 March 2007	<u>78,905</u>	<u>11,418,651</u>	<u>6,357,715</u>	<u>11,294</u>	<u>74,585</u>	<u>17,941,150</u>
<i>Representing:</i>						
Valuation						
1 April 1985	48,944	4,728,257	908,096	—	—	5,685,297
31 March 1986	24,110	840,694	300,780	—	—	1,165,584
Cost	<u>5,851</u>	<u>5,849,700</u>	<u>5,148,839</u>	<u>11,294</u>	<u>74,585</u>	<u>11,090,269</u>
	<u>78,905</u>	<u>11,418,651</u>	<u>6,357,715</u>	<u>11,294</u>	<u>74,585</u>	<u>17,941,150</u>

3. PROPERTY, PLANT AND EQUIPMENT — (continued)

	Group					
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Office Equipment, Furniture and Vehicles	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Accumulated depreciation and impairment losses						
At 1 April 2006	—	1,666,415	1,278,837	10,477	68,617	3,024,346
Depreciation	—	116,035	111,809	418	4,384	232,646
Disposals/Write-off	—	(54,550)	(4,991)	(904)	(6,651)	(67,096)
Transfer from investment properties	—	527	—	—	—	527
Transfer to properties under development	—	(1,394)	—	—	—	(1,394)
Transfer to properties for sale	—	(5,386)	(10,616)	—	—	(16,002)
Reclassifications	—	(19)	19	—	—	—
Impairment losses	—	6,513	3,693	—	—	10,206
Reversal of impairment losses	—	(996)	(459)	—	—	(1,455)
At 31 March 2007	—	1,727,145	1,378,292	9,991	66,350	3,181,778
Carrying amounts						
At 31 March 2007	78,905	9,691,506	4,979,423	1,303	8,235	14,759,372

4. INVESTMENT PROPERTIES

	<i>HDB</i>	<i>Group</i>
	<u>S\$'000</u>	<u>S\$'000</u>
<i>Cost</i>		
At 1 April 2007	6,669,299	6,688,426
Additions	23,906	23,906
Disposals/Write-off	(584)	(584)
Transfer from properties, plant and equipment	44,269	44,269
Transfer to properties under development	(34,676)	(34,676)
At 31 March 2008	<u>6,702,214</u>	<u>6,721,341</u>
<i>Accumulated depreciation and impairment losses</i>		
At 1 April 2007	1,847,052	1,848,022
Depreciation	77,414	79,516
Disposals/Write-off	(248)	(248)
Transfer from properties, plant and equipment	11,585	11,585
Transfer to properties under development	(15,553)	(15,553)
Reversal of impairment losses	(118,227)	(118,227)
At 31 March 2008	<u>1,802,023</u>	<u>1,805,095</u>
<i>Carrying amounts</i>		
At 31 March 2008	<u>4,900,191</u>	<u>4,916,246</u>
<i>Fair value</i>		
At 31 March 2008	<u>11,225,062</u>	<u>11,257,562</u>
	<i>HDB</i>	<i>Group</i>
	<u>S\$'000</u>	<u>S\$'000</u>
<i>Cost</i>		
At 1 April 2006	6,676,826	6,695,953
Additions	124	124
Disposals/Write-off	(4,772)	(4,772)
Transfer to properties, plant and equipment	(2,879)	(2,879)
At 31 March 2007	<u>6,669,299</u>	<u>6,688,426</u>
<i>Accumulated depreciation and impairment losses</i>		
At 1 April 2006	1,751,520	1,755,422
Depreciation	79,550	79,550
Disposals/Write-off	(1,455)	(1,455)
Transfer to properties, plant and equipment	(527)	(527)
Impairment losses	19,818	19,848
Reversal of impairment losses	(1,854)	(4,816)
At 31 March 2007	<u>1,847,052</u>	<u>1,848,022</u>
<i>Carrying amounts</i>		
At 31 March 2007	<u>4,822,247</u>	<u>4,840,404</u>
<i>Fair value</i>		
At 31 March 2007	<u>10,663,823</u>	<u>10,684,423</u>

The reversal of impairment losses of S\$118 million (FY 2006/2007:S\$5 million) was made to reflect the estimated recoverable amount based on the prevailing market conditions. The impairment losses of S\$20 million in FY 2006/2007 in respect of leased lands at various sites were based on the revised gross plot ratio and tender of leases of similar usage then.

5. LOANS RECEIVABLE

	<i>HDB</i>		<i>Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
<i>Loans receivable</i>				
Mortgage loans for flats	49,640,231	52,185,442	49,640,231	52,185,442
Loans for shops sold	77	44	77	44
Staff loans	—	—	199	395
	49,640,308	52,185,486	49,640,507	52,185,881
<i>Less:</i>				
Allowance for impairment losses on mortgage loans for flats	(84,809)	(114,985)	(84,809)	(114,985)
	49,555,499	52,070,501	49,555,698	52,070,896
<i>Deferred receivable</i>				
Upgrading costs due from lessees	124,505	124,458	124,505	124,458
Balance as at 31 March	49,680,004	52,194,959	49,680,203	52,195,354
Represented by amount receivable:				
Within 1 year	2,853,471	2,743,609	2,853,552	2,743,745
Later than 1 year but not more than 2 years	2,404,962	2,439,223	2,405,015	2,439,332
Later than 2 years but not more than 5 years	7,328,836	7,451,256	7,328,901	7,451,400
Later than 5 years	37,092,735	39,560,871	37,092,735	39,560,877
	46,826,533	49,451,350	46,826,651	49,451,609
	49,680,004	52,194,959	49,680,203	52,195,354

The mortgage loans are granted to the buyers of flats under the public housing schemes, with the flats being taken as collateral.

Under the Agreement for Loan Facility with the Government, mortgage and upgrading financing loans are obtained from the Government to finance loans granted to eligible purchasers of flats under the public housing schemes at concessionary or market interest rates, in accordance with prevailing mortgage financing policy and upgrading programme of the Government.

The loans receivable and deferred receivable are denominated in Singapore Dollars.

Loans receivable

The movements of loans receivable during the year for the Group:

	<i>Balance as at</i>	<i>Loans</i>		<i>Balance as at</i>
	<i>1.4.2007</i>	<i>granted</i>	<i>Repayment</i>	<i>31.3.2008</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Mortgage loans for flats	52,185,442	3,039,992	5,585,203	49,640,231
Loans for shops sold	44	47	14	77
Staff loans	395	16	212	199
	52,185,881	3,040,055	5,585,429	49,640,507

5. LOANS RECEIVABLE — (continued)

The movements in allowance for impairment losses on mortgage loans for flats for the Group:

	<i>Balance as at 1.4.2007</i>	<i>Reversal of allowance for impairment losses</i>	<i>Bad debts written off against allowance</i>	<i>Balance as at 31.3.2008</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Allowance for impairment losses on mortgage loans for flats	<u>114,985</u>	<u>30,002</u>	<u>174</u>	<u>84,809</u>

Interest rates and repayment terms on the loans are:

	<i>Interest rate (per annum)</i>	<i>Repayment term</i>
Mortgage loans granted to lessees for purchase of flats under public housing schemes	2.60% to 3.82% (FY 2006/2007: 2.60% to 3.72%)	Up to 30 years
Loans granted to tenants for the purchase of shops	5.25% (FY 2006/2007: 5.25%)	4 years
Loans granted to staff	4.25% (FY 2006/2007: 4.25% to 5%)	Up to 6 years

Deferred receivable

Under the deferred payment scheme, lessees of upgraded flats can pay for their share of the upgrading costs through monthly instalments at interest rates ranging from 2.60% to 3.82% (FY 2006/2007: 2.60% to 3.72%) per annum over periods of up to 25 years.

6. INVESTMENTS IN SUBSIDIARY

			<i>HDB</i>	
			<i>2007/2008</i>	<i>2006/2007</i>
			<i>S\$'000</i>	<i>S\$'000</i>
<i>Subsidiary</i>				
EM Services Pte Ltd ^(a) (unquoted shares at cost)			<u>1,500</u>	<u>1,500</u>
<i>Principal activities</i>	<i>Country of incorporation</i>	<i>Percentage of equity held by the Group</i>		
		<i>2007/2008</i>	<i>2006/2007</i>	
		<i>%</i>	<i>%</i>	
<i>Subsidiary of HDB</i>				
EM Services Pte Ltd ^(a)	Property management and engineering services	Singapore	75	75

6. INVESTMENTS IN SUBSIDIARY — (continued)

	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Percentage of equity held by the Group</u>	
			<u>2007/2008</u>	<u>2006/2007</u>
			%	%
<i>Subsidiaries of EM Services Pte Ltd</i>				
EM (China) Pte Ltd ^(b)	Property management	Singapore	—	60
E M Property Management Pte Ltd ^(a)	Property management	Singapore	100	100
Yi An Property Agency Pte Ltd ^(a)	Real estate agency	Singapore	100	100

^(a)Audited by SP Tan & Co.

^(b)The Company was struck off in October 2007. The cash and cash equivalents prior to the striking off was S\$252,000. Upon completion of the striking off, S\$100,000 was refunded to the minority shareholders.

7. INVESTMENTS IN ASSOCIATES

INVESTMENTS IN ASSOCIATES

			Group	
			2007/2008	2006/2007
			S\$'000	S\$'000
<i>Associates</i>				
Unquoted shares at cost			525	725
Balance as at 1 April			497	581
Share of losses			(20)	(91)
Foreign currency translation differences			—	7
Balance as at 31 March			477	497

	<i>Principal activities</i>	<i>Country of incorporation</i>	<i>Percentage of equity held by the Group</i>	
			2007/2008	2006/2007
			%	%
<i>Associates of EM Services Pte Ltd</i>				
Pengda Investment & Development Pte Ltd ^(a)	Investment and real estate developer	Singapore	35	35
Yihe Holding Pte Ltd ^(b)	Facilities and project management consultants	Singapore	—	20

^(a)Audited by SP Tan & Co.

^(b)The investment in Yihe Holding Pte Ltd was disposed of in March 2008 for a cash consideration of S\$21,000.

8. OTHER INVESTMENTS

	<i>Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>
<i>Non-current investments:</i>		
Held-to-maturity debt securities	20,524	20,533
Available-for-sale equity securities	35,276	36,649
	<u>55,800</u>	<u>57,182</u>
<i>Current investments:</i>		
Held-to-maturity debt securities	4,000	8,338
Available-for-sale debt securities	4,000	8,000
	<u>8,000</u>	<u>16,338</u>
Fair value of held-to-maturity debt securities	<u>24,914</u>	<u>29,102</u>

Available-for-sale debt securities have stated interest rates of 3.12% (FY 2006/2007: 3.32% to 4.99%) per annum and mature within the next 12 months. Held-to-maturity debt securities have interest rates of 4.04% to 5.5% (FY 2006/2007: 4.04% to 6%) per annum and mature in one to five years.

9. INCOME TAX

(a) *Income tax expense*

	<i>Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>
Current tax expense		
— Current year	2,470	1,174
— (Over)/under provision in respect of prior years	(571)	1,642
	<u>1,899</u>	<u>2,816</u>
Deferred tax expense		
— Origination and reversal of temporary differences	(66)	709
— Reduction in tax rate	—	319
— Under provision in respect of prior years	—	68
	<u>(66)</u>	<u>1,096</u>
Total income tax expense	<u>1,833</u>	<u>3,912</u>

9. INCOME TAX — *(continued)**(a) Income tax expense — (continued)**Reconciliation of effective tax rate:*

	<i>Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>
Net surplus/(deficit) before taxation	174,430	(4,993)
<i>Less:</i>		
Net surplus/(deficit) of HDB excluding dividends from subsidiary (Note 18), not subject to taxation	162,038	(18,496)
Net surplus subject to taxation	<u>12,392</u>	<u>13,503</u>
Income tax at applicable tax rate of 18%	2,231	2,431
Effect of reduction in tax rate	—	319
Tax effect of partial tax exemption and tax relief	(71)	(67)
Income tax at concessionary rate	(92)	(38)
Income not subject to tax	(316)	(669)
Expenses not deductible for tax purposes	652	226
(Over)/under provision in respect of prior years	<u>(571)</u>	<u>1,710</u>
	<u>1,833</u>	<u>3,912</u>

(b) Movements in provision for income tax

	<i>Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>
Balance as at 1 April	1,745	2,726
Charge for the year	2,470	1,174
Payments made during the year	(1,163)	(3,797)
(Over)/under provision in respect of prior years	<u>(571)</u>	<u>1,642</u>
Balance as at 31 March	<u>2,481</u>	<u>1,745</u>

9. INCOME TAX — (continued)

(c) *Deferred tax*

The movements in deferred tax assets and liabilities for the Group during the year are as follows:

	<i>At 1 April 2006</i>	<i>Recognised in Income and Expenditure Statement</i>	<i>At 31 March 2007</i>	<i>Recognised in Income and Expenditure Statement</i>	<i>At 31 March 2008</i>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<i>Deferred tax liabilities</i>					
Property, plant and equipment	136	(9)	127	1	128
Other items	204	(204)	—	—	—
Total	340	(213)	127	1	128
<i>Deferred tax assets</i>					
Provisions	(2,896)	679	(2,217)	(67)	(2,284)
Accrued interest receivable	(630)	630	—	—	—
Total	(3,526)	1,309	(2,217)	(67)	(2,284)
<i>Net deferred tax assets</i>	(3,186)	1,096	(2,090)	(66)	(2,156)

10. PROPERTIES UNDER DEVELOPMENT

	<i>HDB and Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>
	S\$'000	S\$'000
Land	2,741,329	2,339,771
Buildings	851,107	971,599
Upgrading works	150,610	81,286
Improvement works	1,000	8,175
	3,744,046	3,400,831
<i>Less:</i>		
Provision for foreseeable loss (Note 2.10)	(1,300,552)	(765,242)
Balance as at 31 March	2,443,494	2,635,589
Represented by:		
Properties for sale under development	1,821,780	2,207,176
Assets under construction	471,104	347,127
Upgrading works	150,610	81,286
	2,443,494	2,635,589
Interest capitalised during the year (Note 19)	49,882	43,971

During the financial year, interest capitalised as properties under development amounted to S\$50 million (FY 2006/2007: S\$44 million) at an average capitalisation rate of 3.47% (FY 2006/2007: 3.86%).

11. PROPERTIES FOR SALE

	<i>HDB and Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>
Cost of flats	983,705	1,870,713
<i>Less:</i>		
Provision for unrealised loss (Note 2.11)	(68,587)	(127,945)
Balance as at 31 March	<u>915,118</u>	<u>1,742,768</u>

12. GOVERNMENT GRANT RECEIVABLE

	<i>HDB and Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>
Balance as at 1 April	728,102	656,270
<i>Less:</i>		
Amount received	(748,419)	(673,992)
	(20,317)	(17,722)
Transfer from Income and Expenditure Statement	1,247,991	745,824
Balance as at 31 March	<u>1,227,674</u>	<u>728,102</u>

The amount transferred from Income and Expenditure Statement is the deficit to be financed by the Government under the existing financing arrangement (Note 2.25).

13. DEBTORS AND OTHER RECEIVABLES

	<i>HDB</i>		<i>Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Debtors	354,706	254,740	360,131	259,250
<i>Less:</i>				
Allowance for impairment losses	(15,396)	(22,801)	(15,536)	(22,851)
	339,310	231,939	344,595	236,399
Other receivables	43,806	32,959	44,746	33,921
<i>Less:</i>				
Allowance for impairment losses	(26)	—	(26)	—
	43,780	32,959	44,720	33,921
Prepayments and deposits	19,443	22,033	19,747	22,191
Balance as at 31 March	<u>402,533</u>	<u>286,931</u>	<u>409,062</u>	<u>292,511</u>

13. DEBTORS AND OTHER RECEIVABLES — (continued)

The movements in allowance for impairment on debtors and other receivables for the HDB and Group are as follows:

	<i>HDB</i>		<i>Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Balance as at 1 April	22,801	23,305	22,851	23,305
Allowance for impairment losses	1,691	6,032	1,781	6,082
Bad debts written off against allowance	(9,070)	(6,536)	(9,070)	(6,536)
Balance as at 31 March	<u>15,422</u>	<u>22,801</u>	<u>15,562</u>	<u>22,851</u>

14. CASH AND CASH EQUIVALENTS

	<i>HDB</i>		<i>Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Bank balances and cash	38,378	20,321	41,327	22,089
Fixed deposits	—	—	21,524	17,788
	<u>38,378</u>	<u>20,321</u>	<u>62,851</u>	<u>39,877</u>

15. LOANS PAYABLE

	<i>HDB and Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>
<i>Government loans</i>		
Housing development loans (Note 2.16)	—	2,018,057
Mortgage financing loans	49,669,338	52,472,895
Upgrading financing loans	116,127	115,797
	49,785,465	54,606,749
<i>Bonds</i>		
Principal	5,200,000	4,900,000
Unamortised premium/discount	1,388	2,279
	5,201,388	4,902,279
<i>Bank loans (unsecured)</i>	2,841,500	1,701,500
Balance as at 31 March	<u>57,828,353</u>	<u>61,210,528</u>
Represented by amount payable:		
Within 1 year	6,572,605	5,621,921
Later than 1 year but not more than 2 years	4,835,748	3,784,604
Later than 2 years but not more than 5 years	12,595,383	13,906,987
Later than 5 years	33,824,617	37,897,016
	51,255,748	55,588,607
	<u>57,828,353</u>	<u>61,210,528</u>
Fair value of bonds	5,350,027	4,975,106

The loans and bonds are denominated in Singapore Dollars.

15. LOANS PAYABLE — (continued)

The movements during the year for the Group:

	<i>Balance as at 1.4.2007</i>	<i>Borrowings</i>	<i>Repayment</i>	<i>Balance as at 31.3.2008</i>
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Government loans</i>				
Housing development loans	2,018,057	—	2,018,057	—
Mortgage financing loans	52,472,895	2,358,623	5,162,180	49,669,338
Upgrading financing loans	115,797	23,349	23,019	116,127
	54,606,749	2,381,972	7,203,256	49,785,465
<i>Bonds</i>				
Principal	4,900,000	800,000	500,000	5,200,000
Premium/discount on bonds	2,279	—	891	1,388
	4,902,279	800,000	500,891	5,201,388
<i>Bank loans (unsecured)</i>	1,701,500	6,924,000	5,784,000	2,841,500
	61,210,528	10,105,972	13,488,147	57,828,353

Interest rates and repayment terms on the loans are:

	<i>Interest rate (per annum)</i>	<i>Repayment term</i>
Housing development loans	4.50% (FY 2006/2007: 4.50%)	20 years
Mortgage financing loans	2.50% to 3.72% (FY 2006/2007: 2.50% to 3.62%)	Up to 30 years
Upgrading financing loans	2.50% (FY 2006/2007: 2.50%)	10 years
Bank loans (unsecured)	1.28% to 3.00% (FY 2006/2007: 3.11% to 3.70%)	Up to 1 year

Bonds are issued to finance the HDB's development programme and working capital requirements. The bonds are as follows:

<i>Series number</i>	<i>Principal S\$M</i>	<i>Coupon rate (per annum)</i>	<i>Tenure</i>	<i>Maturity</i>
003	300	5.070%	10 years	21 September 2009
003 (Re-opened)	300	5.070% (effective interest rate: 4.740%)	Approximately 10 years	21 September 2009
007	250	2.420%	5 years	23 February 2009
008	250	3.560%	10 years	23 February 2014
009	300	2.520%	5 years	3 November 2009

15. LOANS PAYABLE — (continued)

<u>Series number</u>	<u>Principal</u>	<u>Coupon rate</u>	<u>Tenure</u>	<u>Maturity</u>
	S\$M	(per annum)		
010	500	3.375%	10 years	21 April 2015
011	400	2.820%	5 years	6 October 2010
012	100	3.200%	10 years	12 October 2015
013	400	3.455%	5 years	1 March 2011
014	100	3.730%	10 years	7 March 2016
015	400	3.805%	5 years	14 July 2011
016	100	3.995%	10 years	14 July 2016
017	250	3.520%	5 years	31 October 2011
018	250	3.622%	10 years	18 October 2016
019	250	3.420%	5 years	14 February 2012
020	250	3.550%	10 years	14 February 2017
021	150	2.690%	2 years	11 June 2009
022	150	3.350%	12 years	11 June 2019
023	200	1.640%	2 years	1 March 2010
024	300	3.630%	15 years	27 February 2023

The coupon rate is the effective interest rate of the bonds issued by the HDB, except for Series No. 003 (Re-opened).

16. CREDITORS AND OTHER PAYABLES

	<u>HDB</u>		<u>Group</u>	
	<u>2007/2008</u>	<u>2006/2007</u>	<u>2007/2008</u>	<u>2006/2007</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Creditors	605,850	420,407	625,737	434,922
Deposits and advances	509,009	453,948	509,009	453,948
Deferred income (Note 17)	74,287	71,429	75,008	72,370
Interest payable	187,551	239,676	187,551	239,676
Provisions	21,044	21,044	23,255	23,481
	<u>1,397,741</u>	<u>1,206,504</u>	<u>1,420,560</u>	<u>1,224,397</u>

Provisions were made for restoration works for the former quarry sites, pending firm development plans of the respective agencies taking over the sites.

The movements in provisions for the HDB and Group are:

	<u>HDB</u>		<u>Group</u>	
	<u>2007/2008</u>	<u>2006/2007</u>	<u>2007/2008</u>	<u>2006/2007</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 April	21,044	21,044	23,481	23,563
Provisions utilised	—	—	(226)	(82)
Balance as at 31 March	<u>21,044</u>	<u>21,044</u>	<u>23,255</u>	<u>23,481</u>

17. DEFERRED INCOME

	<i>HDB</i>		<i>Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Within 1 year (Note 16)	74,287	71,429	75,008	72,370
After 1 year but within 5 years	147,174	148,117	147,174	148,117
After 5 years	447,476	453,321	447,476	453,321
	594,650	601,438	594,650	601,438
	668,937	672,867	669,658	673,808

Deferred income relates principally to amount received in advance in respect of operating leases of land, commercial and industrial properties (Note 2.20).

18. INCOME

	<i>HDB</i>		<i>Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Interest income	1,416,604	1,479,703	1,416,616	1,479,723
Rental and related income	842,281	792,577	857,497	800,652
Car park charges	416,191	386,883	415,646	386,374
Recoveries for upgrading and others	69,978	78,378	69,978	78,378
Levy on resale flats and sales premium	41,184	28,475	41,184	28,475
Agency and consultancy fees	40,921	24,423	114,002	98,405
Gain on disposal of assets	60,902	21,848	60,907	21,851
Investment income	5,323	25,013	3,931	5,704
Fees and other income	110,916	104,246	111,220	104,582
	3,004,300	2,941,546	3,090,981	3,004,144

Investment income includes dividend income as follows:

	<i>HDB</i>		<i>Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Dividends from				
— Unquoted subsidiary	4,920	24,465	—	—
— Others	—	—	1,751	2,339

19. FINANCIAL EXPENSES

	<i>HDB and Group</i>	
	<i>2007/2008</i> S\$'000	<i>2006/2007</i> S\$'000
Interest expense from		
— Government loans	1,421,712	1,562,257
— Bank loans	62,567	54,986
— Bonds	180,377	153,035
	1,664,656	1,770,278
<i>Less:</i>		
Interest capitalised in properties under development (Note 10)	(49,882)	(43,971)
Bond amortisation	(891)	(787)
	<u>1,613,883</u>	<u>1,725,520</u>

20. EXPENSES BY NATURE

Expenses include the following:

	<i>HDB</i>		<i>Group</i>	
	<i>2007/2008</i> S\$'000	<i>2006/2007</i> S\$'000	<i>2007/2008</i> S\$'000	<i>2006/2007</i> S\$'000
Upgrading, improvements and demolition	625,102	438,915	623,033	436,656
Depreciation	311,402	308,947	313,946	309,369
Property tax	108,468	99,690	108,539	99,755
Impairment losses on property, plant and equipment, and investment properties	1,067	30,024	1,067	30,054
Reversal of impairment losses on property, plant and equipment, and investment properties	(121,840)	(3,309)	(121,840)	(6,271)
Provision for loss for properties under development/for sale	783,757	194,989	783,757	194,989
(Reversal of allowance)/Allowance for impairment losses on loans receivable and debtors	(25,732)	26,276	(25,642)	26,326
Manpower costs	390,538	333,451	443,082	385,498
CPF Housing grant	215,496	311,283	215,496	311,283
Auditors' remuneration	630	630	676	662
Board members' fees	125	76	125	76
Directors' fees and remuneration	—	—	467	454
Manpower costs and overheads capitalised in:				
— properties under development	(7,901)	(7,329)	(7,901)	(7,329)
— inventories of building materials	(5,055)	(5,757)	(5,055)	(5,757)

20.1 MANPOWER COSTS

	<i>HDB</i>		<i>Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Salaries and bonuses	341,834	292,648	388,129	338,417
Contribution to CPF	34,590	28,280	39,476	33,693
Staff benefits	6,862	6,711	7,909	7,420
Training/development costs and others	7,252	5,812	7,568	5,968
	<u>390,538</u>	<u>333,451</u>	<u>443,082</u>	<u>385,498</u>

Manpower costs include the key management personnel's remuneration as follows:

	<i>HDB</i>		<i>Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Salaries and other short-term employee benefits	<u>5,970</u>	<u>4,675</u>	<u>6,437</u>	<u>5,129</u>

21. GOVERNMENT GRANT

Cumulative grant from the Government since the establishment of the HDB in 1960 amounts to:

	<i>HDB</i>	
	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>
Total grant as at 1 April	15,992,631	15,246,807
Grant for the financial year	<u>1,247,991</u>	<u>745,824</u>
Total grant as at 31 March	<u>17,240,622</u>	<u>15,992,631</u>

22. SIGNIFICANT RELATED PARTY TRANSACTIONS

The HDB is a statutory body incorporated under the Housing and Development Act (Note 1). As a statutory board, all Government ministries and departments, and statutory boards are deemed related parties of the HDB.

The Group had the following significant transactions with its supervisory Ministry, MND, and other related parties during the year:

	<i>2007/2008</i>	<i>2006/2007</i>
	<i>S\$'000</i>	<i>S\$'000</i>
<i>HDB's transactions with:</i>		
<i>Subsidiaries</i>		
— Property management	(374)	(467)
— Telemonitoring management, mechanical and electrical services	(2,677)	(2,910)
— Other services	(513)	(513)
— Rental income	7,162	3,298
— Sale of parking labels	545	509

22. SIGNIFICANT RELATED PARTY TRANSACTIONS — (continued)

	2007/2008	2006/2007
	S\$'000	S\$'000
<i>MND</i>		
— Agency fee income	31,551	10,601
<i>Singapore Land Authority</i>		
— Purchase of land	(1,236,573)	(549,805)
— Proceeds from return of land, flats and other properties to Government	96,400	41,617
— Agency fees and other income	2,020	2,137
— Temporary occupation licence fees	(2,386)	(2,176)
<i>NEA</i>		
— Agency fees and recoveries	17,838	25,543
<i>Other Ministries and Statutory Boards</i>		
— Agency fees, recoveries and others	676	1,612
— Rental income	1,349	1,458
<i>Town Councils</i>		
— Operating fee for car park maintenance expenses	(33,483)	(32,112)
<i>Subsidiaries' transactions with:</i>		
<i>Town Councils and Statutory Boards</i>		
— Estate management agency fee income	73,029	72,797
<i>Amounts due to related parties as at 31 March</i>	33,467	33,318
<i>Amounts due from related parties as at 31 March</i>	4,672	4,347

The outstanding amounts are unsecured. There are no guarantees provided or received in respect of the related party balances. For FY 2007/2008, the Group had not made any allowance for impairment relating to amounts owed by related parties (FY 2006/2007: Nil).

23. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to interest rate risk, credit risk and liquidity risk.

The HDB's exposure to market risk for changes in interest rate relates primarily to the government loans. The HDB manages its interest rate exposure by largely matching the terms of the government loans with that of the loans receivables. The HDB uses various sources of funding to manage interest costs. In addition to government loans (Note 2.16), the HDB also accesses the capital market and financial institutions for its funding requirements. The bank loans (unsecured) are short-term in nature and any future variation in interest rates will not have a material impact on the results of the Group. Information relating to the Group's interest rate exposure is disclosed in Note 15 on the loans payable.

The Group's loans receivable comprise largely mortgage loans to purchasers of flats under the public housing schemes. Policies on loan quantum and credit assessment are in place for the granting of mortgage loans to flat buyers, and the flats are taken as collateral. An allowance for impairment is made in respect of non-performing mortgage loans of which the collateral held is insufficient to discharge the outstanding mortgage loan. The allowance represents the aggregate amount by which management considers it necessary to write down its mortgage loan in order to state it in the Balance Sheet at its estimated net realisable value (Note 5).

23. FINANCIAL RISK MANAGEMENT — *(continued)*

The Group is of the view that there is no liquidity risk as the Group monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations. Funding is also made available through an adequate amount of committed credit facilities. The MOF will act as the lender of last resort to the HDB for its funding requirements.

24. SEGMENTAL INFORMATION

BUSINESS SEGMENTS

The Group operates predominantly in Singapore, and therefore the revenues are generated mainly from the operations in Singapore and the assets are located principally in Singapore.

The Group's results are presented under seven business segments in respect of the Group's main activities and the government programmes implemented:

Home Ownership Segment

The Home Ownership segment focuses on providing home ownership flats to eligible purchasers of flats under the various home ownership schemes for public housing.

Upgrading Segment

The Upgrading segment focuses on the upgrading programmes to renew and rejuvenate the older HDB estates.

Residential Ancillary Functions Segment

The Residential Ancillary Functions segment focuses on implementing housing policies, managing ancillary facilities such as car parks in housing estates, and planning and building administration.

Rental Flats Segment

The Rental Flats segment focuses on providing rental flats to eligible tenants under the various rental housing schemes.

Other Rental and Related Businesses Segment

The Other Rental and Related Businesses segment focuses on the tenancy and management of investment properties and other properties owned by the HDB.

Mortgage Financing Segment

The Mortgage Financing segment focuses on providing housing loans to eligible purchasers of flats under the various public housing schemes.

Agency and Others Segment

The Agency and Others segment encompasses estate management services, architectural and engineering consultancy services, strategic building resource management and agency projects on behalf of the Government.

24. SEGMENTAL INFORMATION — (continued)

FY 2007/2008

	<i>Home Ownership</i>	<i>Upgrading</i>	<i>Residential Ancillary Functions</i>	<i>Rental Flats</i>	<i>Other Rental and Related Businesses</i>	<i>Mortgage Financing</i>	<i>Agency and Others</i>	<i>Eliminations</i>	<i>Group</i>
	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M
Sale proceeds	2,463	—	138	—	19	—	2	—	2,622
Cost of sales	(2,389)	—	(149)	—	—	—	—	20	(2,518)
Gross profit/(loss)	74	—	(11)	—	19	—	2	20	104
Income									
— External	53	56	456	22	928	1,432	144	—	3,091
— Inter-segment	2	—	28	—	18	—	8	(56)	—
Total income	55	56	484	22	946	1,432	152	(56)	3,091
Segment result	(1,006)	(516)	(173)	(77)	632	37	35	(5)	(1,073)
Government grant									1,248
Taxation									(2)
Minority interests									(3)
Net surplus									170

24. SEGMENTAL INFORMATION — (continued)

FY 2007/2008

	<i>Home Ownership</i>	<i>Upgrading</i>	<i>Residential Ancillary Functions</i>	<i>Rental Flats</i>	<i>Other Rental and Related Businesses</i>	<i>Mortgage Financing</i>	<i>Agency and Others</i>	<i>Eliminations</i>	<i>Group</i>
	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M
<i>Other segment items</i>									
Upgrading, improvements and demolition	—	(510)	(65)	(21)	(29)	—	—	2	(623)
Depreciation	(2)	—	(133)	(38)	(130)	—	(11)	—	(314)
Impairment losses on property, plant and equipment, and investment properties	—	—	—	—	(1)	—	—	—	(1)
Reversal of impairment losses on property, plant and equipment, and investment properties	—	—	—	—	122	—	—	—	122
Provision for loss for properties under development/for sale	(784)	—	—	—	—	—	—	—	(784)
Reversal of allowance/(Allowance) for impairment losses on loans receivable and debtors	—	—	—	(1)	(3)	30	—	—	26
CPF Housing grant	(215)	—	—	—	—	—	—	—	(215)
Investment properties:									
— Rental and related income	—	—	—	—	432	—	—	—	432
— Operating expenses	—	—	—	—	(125)	—	—	—	(125)
Segment assets	4,132	284	9,101	2,398	7,907	49,626	885	—	74,333
Unallocated assets									111
Total assets									<u>74,444</u>
Segment liabilities	2,472	267	3,419	14	3,369	49,794	354	—	59,689
Unallocated liabilities									269
Total liabilities									<u>59,958</u>
Capital additions	46	—	153	12	65	—	4	—	280

24. SEGMENTAL INFORMATION — (continued)

FY 2006/2007

	<i>Home Ownership</i>	<i>Upgrading</i>	<i>Residential Ancillary Functions</i>	<i>Rental Flats</i>	<i>Other Rental and Related Businesses</i>	<i>Mortgage Financing</i>	<i>Agency and Others</i>	<i>Eliminations</i>	<i>Group</i>
	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M
Sale proceeds	1,117	—	88	—	—	—	7	—	1,212
Cost of sales	(1,081)	—	(82)	—	—	—	(2)	4	(1,161)
Gross profit	36	—	6	—	—	—	5	4	51
Income									
— External	38	57	423	21	852	1,494	119	—	3,004
— Inter-segment	1	—	6	—	16	—	28	(51)	—
Total income	39	57	429	21	868	1,494	147	(51)	3,004
Segment result	(576)	(353)	(159)	(65)	381	1	45	(25)	(751)
Government grant									746
Taxation									(4)
Minority interests									(2)
Net deficit									(11)

24. SEGMENTAL INFORMATION — (continued)

FY 2006/2007

	<i>Home Ownership</i>	<i>Upgrading</i>	<i>Residential Ancillary Functions</i>	<i>Rental Flats</i>	<i>Other Rental and Related Businesses</i>	<i>Mortgage Financing</i>	<i>Agency and Others</i>	<i>Eliminations</i>	<i>Group</i>
	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M
<i>Other segment items</i>									
Upgrading, improvements and demolition	—	(352)	(39)	(15)	(33)	—	—	2	(437)
Depreciation	(2)	—	(131)	(39)	(128)	—	(9)	—	(309)
Impairment losses on property, plant and equipment, and investment properties	—	—	—	—	(30)	—	—	—	(30)
Reversal of impairment losses on property, plant and equipment, and investment properties	—	—	—	—	3	—	3	—	6
Provision for loss for properties under development/for sale	(195)	—	—	—	—	—	—	—	(195)
Allowance for impairment losses on loans receivable and debtors	—	—	—	(1)	(6)	(19)	—	—	(26)
CPF Housing grant	(311)	—	—	—	—	—	—	—	(311)
Investment properties:									
— Rental and related income	—	—	—	—	414	—	—	—	414
— Operating expenses	—	—	—	—	(252)	—	—	—	(252)
Segment assets	4,329	231	9,160	2,503	8,109	52,284	773	—	77,389
Unallocated assets									73
Total assets									77,462
Segment liabilities	2,448	194	3,645	10	3,593	52,629	404	—	62,923
Unallocated liabilities									213
Total liabilities									63,136
Capital additions	5	—	67	—	67	—	3	—	142

25. COMMITMENTS

(a) *Capital commitments*

The following commitments for capital expenditure are not recognised in the financial statements:

	<i>HDB</i>		<i>Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>	<i>2007/2008</i>	<i>2006/2007</i>
	S\$'000	S\$'000	S\$'000	S\$'000
Authorised and contracted for	1,814,763	1,139,961	1,816,480	1,139,961
Authorised but not contracted for	1,304,066	942,154	1,304,066	942,154
	<u>3,118,829</u>	<u>2,082,115</u>	<u>3,120,546</u>	<u>2,082,115</u>

(b) *Operating lease commitments — where the Group is a lessor*

The Group leases out its properties to non-related parties. The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	<i>HDB</i>		<i>Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>	<i>2007/2008</i>	<i>2006/2007</i>
	S\$'000	S\$'000	S\$'000	S\$'000
Within 1 year	114,670	104,936	122,022	108,036
After 1 year but within 5 years	267,387	246,015	264,041	245,965
After 5 years	291,654	317,329	291,654	317,329
	<u>673,711</u>	<u>668,280</u>	<u>677,717</u>	<u>671,330</u>

(c) *Operating lease commitments — where the Group is a lessee*

The future minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	<i>Group</i>	
	<i>2007/2008</i>	<i>2006/2007</i>
	S\$'000	S\$'000
Within 1 year	1,379	1,317
After 1 year but within 5 years	421	289
	<u>1,800</u>	<u>1,606</u>

26. CONTINGENT LIABILITIES

MODIFICATION WORK

A claim involving rebar works for structural columns for S\$2.4 million had been made by a contractor in FY2005/2006. The matter had proceeded to arbitration. Based on the legal advice and information presently available, the HDB believes that the claim will not succeed and accordingly, no provision had been made in respect of the claim.

27. COMPARATIVE FIGURES

Comparative figures have been reclassified to conform to the current year's presentation.