

No. 9/2009

SUPPLEMENT
TO THE
REPUBLIC OF SINGAPORE
GOVERNMENT GAZETTE
FRIDAY, 26TH JUNE 2009

REPORT ON THE AUDIT OF
THE FINANCIAL STATEMENTS OF
THE HOUSING AND DEVELOPMENT BOARD
FOR THE YEAR ENDED 31ST MARCH 2009

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BOARD OF HOUSING AND DEVELOPMENT BOARD

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Housing and Development Board ("HDB") and its subsidiaries ("Group") which comprise the balance sheets of the Group and HDB as at 31 March 2009; the income and expenditure statements and statements of changes in capital and reserves of the Group and 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 out on pages 4 to 53.

The consolidated financial statements for the year ended 31 March 2008 were audited by the Auditor-General whose report dated 30 May 2008, expressed an unqualified opinion on those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Housing and Development Act (Cap. 129, 2004 Revised Edition) (the "Act") and Singapore Statutory Board Financial Reporting Standards ("SB-FRS"). 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 the 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

management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- (a) the consolidated financial statements of the Group and the balance sheet, income and expenditure statement and statement of changes in capital and reserves of HDB are properly drawn up in accordance with the provisions of the Act and SB-FRS so as to give a true and fair view of the state of affairs of the Group and of HDB as at 31 March 2009, and of the results, changes in capital and reserves of the Group and HDB and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records, including records of all assets of HDB whether purchased, donated or otherwise have been kept in accordance with the provisions of the Act and the Constitution.

Report on Other Legal and Regulatory Requirements

During the course of our audit, nothing came to our notice that caused us to believe that the receipt, expenditure and investments of moneys and the acquisition and disposal of assets by HDB during the financial year have not been in accordance with the provisions of the Act and the Constitution.



PUBLIC ACCOUNTANTS AND
CERTIFIED PUBLIC ACCOUNTANTS
SINGAPORE


27 May 2009

HOUSING AND DEVELOPMENT BOARD**STATEMENT BY THE BOARD OF
HOUSING AND DEVELOPMENT BOARD**

In our opinion,

- (a) the accompanying consolidated financial statements of Housing and Development Board (“HDB”) and its subsidiaries (“Group”) are properly drawn up in accordance with the provisions of the Housing and Development Act (Cap. 129, 2004 Revised Edition) (the “Act”) and Singapore Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the HDB as at 31 March 2009, and of the results, changes in capital and reserves of the Group and the HDB and cash flows of the Group for the financial 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 receipt, 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.

On behalf of the Board



JAMES KOH CHER SIANG
Chairman



TAY KIM POH
Chief Executive Officer

Singapore
27 May 2009

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

BALANCE SHEETS AS AT 31 MARCH 2009

		<i>Group</i>		<i>HDB</i>	
	<i>Note</i>	<i>2008/2009</i>	<i>2007/2008</i>	<i>2008/2009</i>	<i>2007/2008</i>
		<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
CAPITAL AND RESERVES					
Share capital	5	1	—	1	—
Capital account	5	2,468,127	2,468,127	2,463,627	2,463,627
Capital gains reserve	5	5,943,512	5,992,813	5,943,512	5,992,813
Asset revaluation reserve	5	5,886,048	5,920,008	5,886,048	5,920,008
Foreign currency translation reserve		(21)	(21)	—	—
Fair value reserve		(3,471)	5,341	—	—
Retained earnings		75,351	71,740	—	—
		<u>14,369,547</u>	<u>14,458,008</u>	<u>14,293,188</u>	<u>14,376,448</u>
Minority interests		25,954	27,689	—	—
		<u>14,395,501</u>	<u>14,485,697</u>	<u>14,293,188</u>	<u>14,376,448</u>
NON-CURRENT ASSETS					
Property, plant and equipment	6	14,354,204	14,545,663	14,336,739	14,539,636
Investment properties	7	4,722,416	4,916,246	4,706,617	4,900,191
Loans receivable	8	44,284,474	46,826,651	44,284,347	46,826,533
Investment in subsidiary	9	—	—	1,500	1,500
Investment in associate	10	477	477	—	—
Other investments	11	26,777	55,800	—	—
Deferred tax assets	12	1,259	2,156	—	—
Total non-current assets		<u>63,389,607</u>	<u>66,346,993</u>	<u>63,329,203</u>	<u>66,267,860</u>
CURRENT ASSETS					
Properties under development	13	3,619,804	2,443,494	3,619,804	2,443,494
Properties for sale	14	530,485	915,118	530,485	915,118
Inventories of building materials		45,485	54,933	42,878	53,168
Loans receivable within 1 year	8	2,853,108	2,898,805	2,853,032	2,898,724
Other investments	11	10,507	8,000	—	—
Government grant receivable	15	2,479,257	1,227,674	2,479,257	1,227,674
Trade and other receivables	16	451,524	373,873	430,238	357,280
Cash and bank balances	17	47,637	69,424	16,436	44,951
Total current assets		<u>10,037,807</u>	<u>7,991,321</u>	<u>9,972,130</u>	<u>7,940,409</u>
<i>Less:</i>					
CURRENT LIABILITIES					
Loans payable within 1 year	18	6,975,136	6,572,605	6,975,136	6,572,605
Trade and other payables	19	1,523,645	1,427,133	1,500,660	1,404,314
Amount due to subsidiary		—	—	2,272	4,504
Provision for income tax	12	3,055	2,481	—	—
Total current liabilities		<u>8,501,836</u>	<u>8,002,219</u>	<u>8,478,068</u>	<u>7,981,423</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>1,535,971</u>	<u>(10,898)</u>	<u>1,494,062</u>	<u>(41,014)</u>
NON-CURRENT LIABILITIES					
Loans payable	18	49,896,929	51,255,748	49,896,929	51,255,748
Deferred income	20	633,148	594,650	633,148	594,650
Total non-current liabilities		<u>50,530,077</u>	<u>51,850,398</u>	<u>50,530,077</u>	<u>51,850,398</u>
NET ASSETS		<u>14,395,501</u>	<u>14,485,697</u>	<u>14,293,188</u>	<u>14,376,448</u>

The accompanying notes form part of the financial statements.


JAMES KOH CHER SIANG
Chairman


AUDREY LEONG
Director (Finance)

27 May 2009

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

INCOME AND EXPENDITURE STATEMENTS YEAR ENDED 31 MARCH 2009

		<i>Group</i>		<i>HDB</i>	
	<i>Note</i>	<i>2008/2009</i>	<i>2007/2008</i>	<i>2008/2009</i>	<i>2007/2008</i>
		<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Sale proceeds		1,217,772	2,621,710	1,217,772	2,621,710
Cost of sales		(1,151,876)	(2,517,738)	(1,151,876)	(2,517,738)
Gross profit		65,896	103,972	65,896	103,972
Income	21	3,063,963	3,091,260	2,966,906	3,004,300
Financial expenses	22	(1,495,680)	(1,613,883)	(1,495,680)	(1,613,883)
Operating expenses	23, 24	(3,411,459)	(2,439,394)	(3,325,422)	(2,359,926)
Other expenses	23	(331,335)	(215,496)	(331,335)	(215,496)
		(2,108,615)	(1,073,541)	(2,119,635)	(1,081,033)
Share of results of associates	10	—	(20)	—	—
NET DEFICIT BEFORE GOVERNMENT GRANT AND TAXATION		(2,108,615)	(1,073,561)	(2,119,635)	(1,081,033)
Government grant	15	2,040,297	1,247,991	2,040,297	1,247,991
NET (DEFICIT)/SURPLUS BEFORE TAXATION		(68,318)	174,430	(79,338)	166,958
Income tax expense	12	(4,206)	(1,833)	—	—
NET (DEFICIT)/SURPLUS AFTER TAXATION		(72,524)	172,597	(79,338)	166,958
ATTRIBUTABLE TO:					
Equity holder of the HDB		(75,727)	169,956	(79,338)	166,958
Minority interests		3,203	2,641	—	—
NET DEFICIT/(SURPLUS) FOR THE YEAR		(75,727)	169,956	(79,338)	166,958
RETAINED EARNINGS AT THE BEGINNING OF THE YEAR		71,740	68,742	—	—
Transfer from asset revaluation reserve		30,037	89,547	30,037	89,547
Transfer from/(to) capital gains reserve		49,301	(256,505)	49,301	(256,505)
RETAINED EARNINGS AT THE END OF THE YEAR		75,351	71,740	—	—

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES YEAR ENDED 31 MARCH 2009

<i>Group</i>	<i>Share Capital</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>Attributable to equity holder of the HDB</i>	<i>Minority Interests</i>	<i>Total Capital and Reserves</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<i>Balance as at 1 April 2007</i>	—	2,468,128	5,736,308	6,019,488	(19)	6,371	68,742	14,299,018	27,132	14,326,150
Reversal on return of land to the Government	—	—	—	(9,481)	—	—	—	(9,481)	—	(9,481)
Reversal of impairment losses	—	—	120,773	109	—	—	(120,773)	109	—	109
Assets overstated in prior years	—	(1)	—	(561)	—	—	—	(562)	—	(562)
Fair value changes on available-for-sale assets	—	—	—	—	—	(1,030)	—	(1,030)	(343)	(1,373)
Transfer from foreign currency translation reserve to income and expenditure statement	—	—	—	—	(2)	—	—	(2)	(1)	(3)
Capital gains set aside on disposal of assets	—	—	135,732	—	—	—	(135,732)	—	—	—
Transfer between Retained Earnings and Asset Revaluation Reserve	—	—	—	(89,547)	—	—	89,547	—	—	—
Effect of disposal of subsidiary	—	—	—	—	—	—	—	—	(100)	(100)
Net gains/(losses) recognised directly in capital and reserves	—	(1)	256,505	(99,480)	(2)	(1,030)	(166,958)	(10,966)	(444)	(11,410)
Net surplus for the year	—	—	—	—	—	—	169,956	169,956	2,641	172,597
TOTAL RECOGNISED GAINS/(LOSSES) FOR THE YEAR	—	(1)	256,505	(99,480)	(2)	(1,030)	2,998	158,990	2,197	161,187
Minority interests' share of dividend from subsidiary	—	—	—	—	—	—	—	—	(1,640)	(1,640)
BALANCE AS AT 31 MARCH 2008	—	2,468,127	5,992,813	5,920,008	(21)	5,341	71,740	14,458,008	27,689	14,485,697

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES (CONTINUED) YEAR ENDED 31 MARCH 2009

<i>Group</i>	<i>Share Capital</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>Attributable to equity holder of the HDB</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	S\$'000	S\$'000
<i>Balance as at 1 April 2008</i>	—	2,468,127	5,992,813	5,920,008	(21)	5,341	71,740	14,458,008	27,689	14,485,697
Reversal on return of land to the Government	—	—	—	(4,160)	—	—	—	(4,160)	—	(4,160)
Impairment losses	—	—	(105,213)	—	—	—	105,213	—	—	—
Reversal of impairment losses	—	—	—	237	—	—	—	237	—	237
Fair value changes on available-for-sale assets	—	—	—	—	—	(8,812)	—	(8,812)	(2,938)	(11,750)
Capital gains set aside on disposal of assets	—	—	55,912	—	—	—	(55,912)	—	—	—
Transfer between Retained Earnings and Asset Revaluation Reserve	—	—	—	(30,037)	—	—	30,037	—	—	—
Net gains/(losses) recognised directly in capital and reserves	—	—	(49,301)	(33,960)	—	(8,812)	79,338	(12,735)	(2,938)	(15,673)
Net surplus/(deficit) for the year	—	—	—	—	—	—	(75,727)	(75,727)	3,203	(72,524)
TOTAL RECOGNISED GAINS/(LOSSES) FOR THE YEAR	—	—	(49,301)	(33,960)	—	(8,812)	3,611	(88,462)	265	(88,197)
Minority interests' share of dividend from subsidiary	—	—	—	—	—	—	—	—	(2,000)	(2,000)
Equity contribution from MOF	1	—	—	—	—	—	—	1	—	1
BALANCE AS AT 31 MARCH 2009	<u>1</u>	<u>2,468,127</u>	<u>5,943,512</u>	<u>5,886,048</u>	<u>(21)</u>	<u>(3,471)</u>	<u>75,351</u>	<u>14,369,547</u>	<u>25,954</u>	<u>14,395,501</u>

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES (CONTINUED) YEAR ENDED 31 MARCH 2009

	<i>Share Capital</i> S\$'000	<i>Capital Account</i> S\$'000	<i>Capital Gains Reserve</i> S\$'000	<i>Asset Revaluation Reserve</i> S\$'000	<i>Retained Earnings</i> S\$'000	<i>Total Capital and Reserves</i> S\$'000
<i>HDB</i>						
<i>Balance as at 1 April 2007</i>	—	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)	—
Transfer between Retained Earnings and Asset Revaluation Reserve	—	—	—	(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
<i>HDB</i>						
<i>Balance as at 1 April 2008</i>	—	2,463,627	5,992,813	5,920,008	—	14,376,448
Reversal on return of land to the Government	—	—	—	(4,160)	—	(4,160)
Impairment losses	—	—	(105,213)	—	105,213	—
Reversal of impairment losses	—	—	—	237	—	237
Capital gains set aside on disposal of assets	—	—	55,912	—	(55,912)	—
Transfer between Retained Earnings and Asset Revaluation Reserve	—	—	—	(30,037)	30,037	—
Net gains/(losses) recognised directly in capital and reserves	—	—	(49,301)	(33,960)	79,338	(3,923)
Net deficit for the year	—	—	—	—	(79,338)	(79,338)
TOTAL RECOGNISED LOSSES FOR THE YEAR	—	—	(49,301)	(33,960)	—	(83,261)
Equity contribution from MOF	1	—	—	—	—	1
BALANCE AS AT 31 MARCH 2009	1	2,463,627	5,943,512	5,886,048	—	14,293,188

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The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2009

	<u>Note</u>	<u>Group</u> <u>2008/2009</u> S\$'000	<u>2007/2008</u> S\$'000
OPERATING ACTIVITIES			
Net deficit before government grant and taxation		(2,108,615)	(1,073,561)
Adjustments for:			
Interest income	21	(1,341,357)	(1,418,793)
Interest expense	22	1,496,614	1,614,774
Depreciation	23	317,790	313,946
Provision for foreseeable/unrealised loss for properties under development/for sale		1,114,209	467,313
Gain on disposal/write-off of assets (net)		(41,516)	(21,043)
Impairment losses/(Reversal of impairment losses) on property, plant and equipment, and investment properties	23	105,423	(120,773)
Impairment loss on held-to-maturity financial assets	23	3,797	—
Allowance/(Reversal of allowance) for impairment losses on loans receivable and debtors		17,157	(25,642)
Writeback of provisions		(469)	—
Amortisation of deferred income		(78,612)	(73,840)
Amortisation of premium/discount on bonds	22	(934)	(891)
Amortisation of premium on investments		7	9
Loss on disposal of investments		105	90
Investment income		(2,185)	(1,751)
Share of results of associates	10	—	20
Gain on disposal of associate		—	(24)
Deficit before movement in working capital		(518,586)	(340,166)
(Increase)/Decrease in working capital:			
Properties under development		(2,593,018)	(1,682,677)
Properties for sale		881,362	2,549,180
Inventories of building materials		9,448	(759)
Trade and other receivables		(80,846)	(123,223)
Trade and other payables		104,533	243,888
Late payment charges on loans receivable		576	(7,879)
		(1,677,945)	978,530
Loans repayment and interest received		6,831,183	7,033,403
Loans granted		(2,917,817)	(3,071,874)
Interest paid		(1,320,690)	(1,406,752)
Income tax paid	12	(2,735)	(1,163)
Deferred income received		124,737	69,690
Net cash from operating activities		518,147	3,261,668

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) YEAR ENDED 31 MARCH 2009

	<u>Note</u>	<u>Group</u> <u>2008/2009</u> S\$'000	<u>2007/2008</u> S\$'000
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment, and investment properties		94,526	99,164
Capital expenditures		(198,935)	(354,394)
Purchase of property, plant and equipment, and investment properties		(26,071)	(51,387)
Interest received		1,297	2,516
Dividends received from other investments		2,185	1,772
Proceeds from disposal of other investments		12,903	19,749
Purchase of investments		(2,046)	(11,501)
Proceeds from disposal of associate		—	21
Disposal of subsidiary		—	(100)
Net cash used in investing activities		<u>(116,141)</u>	<u>(294,160)</u>
FINANCING ACTIVITIES			
Proceeds from loans payable		13,801,311	10,105,972
Repayment of loans payable		(14,756,665)	(13,487,256)
Interest paid		(258,726)	(310,029)
Net government grant received		788,714	748,419
Dividends paid to minority shareholders		(2,000)	(1,640)
Equity contribution from MOF		1	—
Net cash used in financing activities		<u>(427,365)</u>	<u>(2,944,534)</u>
Net (decrease)/increase in cash and cash equivalents		(25,359)	22,974
Cash and cash equivalents at the beginning of year		<u>62,851</u>	<u>39,877</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	17	<u><u>37,492</u></u>	<u><u>62,851</u></u>

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2009

1. GENERAL

The Housing and Development Board (“HDB”) is a statutory board incorporated under the Housing and Development Act (Cap. 129, 2004 Revised Edition) (“Act”) 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 the HDB is HDB Hub 480, Lorong 6 Toa Payoh, Singapore 310480. The financial statements are expressed in Singapore dollars, which is HDB’s functional currency, and rounded to the nearest thousand, unless otherwise stated.

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 principal activity of the subsidiaries is detailed in Note 9 to the financial statements.

The balance sheet, income and expenditure statement and statement of changes in capital and reserves of the HDB and the consolidated financial statements of the Group for the year ended 31 March 2009 were authorised for issue by members of its Board on 27 May 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of Accounting and Adoption of New and Revised Standards*

Pursuant to the Accounting Standards Act which was introduced and came into effect on 1 November 2007 and the Finance Circular Number 1/2008 issued by the Accountant-General on 11 March 2008, Singapore Statutory Boards are required to prepare and present their financial statements in accordance with Singapore Statutory Board Financial Reporting Standards (“SB-FRS”) including related interpretations (“INT SB-FRS”) and Guidance Notes promulgated by the Accountant-General.

The consolidated financial statements of the Group have been prepared under the historical cost convention, except as disclosed in accounting policies below, and are drawn up in accordance with the provisions of the Act and SB-FRS, including INT SB-FRS and Guidance Notes.

In the current financial year, the Group has adopted all the new and revised SB-FRS, INT SB-FRS and Guidance Notes that are relevant to its operations and effective for annual periods beginning on or after 1 April 2008. The adoption of these new/revised SB-FRSs, INT SB-FRSs and Guidance Notes does not result in changes to the HDB’s accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below and in the notes to the financial statements.

SB-FRS 107 — Financial Instruments: Disclosures and amendments to SB-FRS 1 Presentation of Financial Statements relating to capital disclosures

The Group has adopted SB-FRS 107 with effect from annual periods beginning on or after 1 April 2008. The new Standard has resulted in an expansion of the disclosures in these financial statements regarding the HDB’s financial instruments. The HDB has also presented information regarding its objectives, policies and processes for managing capital (see Note 4) as required by the amendments to SB-FRS 1 which are effective from annual periods beginning on or after 1 April 2008.

(a) *Basis of Accounting and Adoption of New and Revised Standards — (continued)*

At the date of authorisation of these financial statements, certain SB-FRSs, INT SB-FRSs and Amendments to SB-FRS that are relevant to the HDB were issued but not yet effective as follows:

SB-FRS 108 — Operating Segments

SB-FRS 108 will be effective for annual financial statements beginning on or after 1 January 2009 and supersedes SB-FRS 14 — *Segment Reporting*. SB-FRS 108 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, SB-FRS 14 requires an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. The adoption of SB-FRS 108 is not expected to have an impact on the Group's reportable segments.

SB-FRS 1 — Presentation of Financial Statements (Revised)

SB-FRS 1(Revised) will be effective for annual periods beginning on or after 1 January 2009, and will change the basis for presentation and structure of the financial statements. The revised standard requires amongst others, items of income and expenses and components of other comprehensive income to be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate statement of profit and loss followed by a statement of comprehensive income). The revisions also include changes in the titles of some of the financial statements' primary statements.

It does not change the recognition, measurement or disclosure of specific transactions and other events required by other SB-FRSs.

Amendments to SB-FRS 107 — Financial Instruments: Disclosures- Improving Disclosures about Financial Instruments

Amendments to SB-FRS 107 will be effective for annual periods beginning on or after 1 January 2009, and will result in enhancement in disclosures about fair value measurement and liquidity risks. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other SB-FRSs.

Management anticipates that the adoption of the SB-FRSs, INT SB-FRSs and Amendments to SB-FRS that were issued at the date of authorisation of these financial statements but not effective until future periods will have no material impact on the financial statements in the period of their initial adoption.

(b) *Basis of Consolidation*

The consolidated financial statements incorporate the financial statements of the HDB and entities (including special purpose entities) controlled by the HDB (its subsidiaries). Control is achieved where the HDB has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

In the HDB's financial statements, investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in the income and expenditure statement.

(c) *Associate*

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associate of the Group are incorporated in these financial statements using the equity method of accounting, except where the investment is classified as held for sale, in which case it is accounted for under SB-FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(d) *Financial Instruments*

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period.

(i) *Financial assets**Cash and cash equivalents*

Cash and cash equivalents comprise fixed deposits and cash on hand and at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Held-to-maturity investments

Bonds with fixed or determinable payments and fixed maturity dates where the Group has a positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment losses.

Available-for-sale investments

Certain shares and debt securities held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 11. Gains and losses arising from changes in fair value are recognised directly in the fair value reserve with the exception of impairment losses, which are recognised directly in the income and expenditure statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is included in the income and expenditure statement for the period. Dividends on available-for-sale equity instruments are recognised in income and expenditure statement when the Group's right to receive payments is established.

(d) *Financial Instruments — (continued)**Impairment of financial assets*

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment 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. Impairment is recognised in the income and expenditure statement for the period.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and loans receivable where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised as operating expenses in the income and expenditure statement.

With the exception of quoted equity securities available-for-sale financial assets, 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 loss was recognised, the previously recognised impairment loss is reversed through the income and expenditure statement to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

(ii) *Financial liabilities and equity instruments**Classification as debt or equity*

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

Equity instruments

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

Financial liabilities

Trade and other payables are initially measured at fair value, net of significant transaction costs, and are subsequently measured at amortised cost, using the effective interest method.

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

The mortgage financing loans and upgrading financing loans are obtained to finance the mortgage loans granted to lessees for purchase of flats under public housing schemes and the deferred payment scheme granted to lessees of upgraded flats. The housing development loans, bonds and bank loans are to finance the HDB's development programmes and operational requirements. The MOF will act as the lender of last resort to HDB for its funding requirements.

The loans payable are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of significant transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

(d) *Financial Instruments — (continued)**Derecognition of financial liabilities*

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

(e) *Leases*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) *The Group as lessor*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is consumed. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(ii) *The Group as lessee*

Rentals payable under operating leases are charged to income and expenditure statement on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

(f) *Property, Plant and Equipment*

All land and buildings owned by the HDB on 1 April 1985 were valued at that date for the purpose of creating asset accounts arising from a change in accounting policy. A second valuation was conducted for commercial and industrial properties on 31 March 1986. Additional information on the valuation of properties is made in Note 5(d).

Property, plant and equipment acquired or constructed after 1 April 1985 are carried at cost less accumulated depreciation and any accumulated impairment losses.

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

Depreciation is charged so as to write off the cost of the assets, over their estimated useful lives, using the straight-line method as follows:

	<u>Years</u>
Leasehold land	99 years or the remaining lease period
Buildings	60 years
Leasehold property	30 years
Plant and machinery	3 to 10 years
Office equipment, furniture, fittings and fixtures	3 to 12 years
Motor vehicles	6 years

Fully depreciated assets still in use are retained in the financial statements.

No depreciation is charged on freehold land, leasehold land of 999 years and artworks.

Assets under construction are transferred to the appropriate property, plant and equipment account when construction is complete and the asset is ready for use. These are carried at cost, less any recognised impairment losses. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

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

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment costing less than S\$2,000 each are charged to the income and expenditure statement in the year of purchase.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the income and expenditure statement.

(g) *Investment Properties*

Investment properties, comprising industrial properties and commercial complexes, are held to earn rentals and/or for capital appreciation. These are carried at cost less accumulated depreciation and any impairment losses. Depreciation is determined on a straight-line basis over the estimated useful lives. The useful lives are stated in Note 2(f).

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

The gain or loss arising on disposal or retirement of an item of investment properties is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the income and expenditure statement.

(h) *Impairment of Property, Plant and Equipment, and Investment Properties*

At each balance sheet date, property, plant and equipment, and investment properties are reviewed for events or changes in circumstances that may indicate that these assets are 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.

Recoverable amount is the higher of fair value less costs to sell and value in use, and 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 professional 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 for that asset, in which case the impairment loss 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, had no impairment losses been recognised for that asset in prior years.

(i) *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. Financial expenses are capitalised until the completion of development.

(i) Properties under Development — (continued)

Assets under construction are stated at cost less any foreseeable losses. Depreciation will commence when the asset is available for its intended 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.

Development of flats for sale is expected to incur a loss on sale. Provision for foreseeable loss is determined as the difference between estimated development costs and net realisable value, and charged to operating expenses in the income and expenditure statement. The provision is reclassified to provision for unrealised loss of the properties for sale on completion and realised when the flat is sold.

(j) 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.

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

(k) Inventories of Building Materials

Inventories of building materials are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price.

(l) 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.

A grant is recognised as income on an accrual basis when conditions are met. A 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 received when the loss is realised.

The cumulative grants received from the Government since the establishment of the HDB are disclosed in Note 25 to the financial statements.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(n) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(n) *Revenue Recognition — (continued)*(i) *Sale Proceeds*

Proceeds from sale of properties and building materials are recognised as income when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) *Interest Income*

Interest income is earned mainly from mortgage loans granted to purchasers of flats under public housing schemes. It is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

(iii) *Rental and Related Income*

Rental and related income from operating leases of rental properties are recognised in accordance with the accounting policy in Note 2(e)(i) to the financial statements.

(iv) *Car Park Income*

Season parking fees and licence fees of car parks managed by service providers are recognised on an 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) *Dividend Income*

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

(o) *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(d)(ii)], bank loans and bonds issued. Financial expenses, comprising interest incurred on the loans and bonds, 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 in the period in which they are incurred.

(p) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions to the Singapore Central Provident Fund (CPF) on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The Group's CPF contributions are recognised in the income and expenditure statement when they are due.

(q) Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(r) Income Tax

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

Income tax expense represents the sum of the tax currently payable and deferred tax of the subsidiaries of the HDB.

The tax currently payable is based on taxable profit of the subsidiaries for the year. Taxable profit differs from profit as reported in the income and expenditure statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Current and deferred tax are recognised as an expense or income in the income and expenditure statement except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(s) Foreign Currency Transactions and Translation

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the financial statements of the HDB are presented in Singapore dollars, which is the functional currency of the HDB, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(s) *Foreign Currency Transactions and Translation — (continued)*

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the income and expenditure statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income and expenditure statement for the period.

For the purpose of inclusion in the HDB's financial statements, the assets and liabilities of the foreign operations are expressed in Singapore dollars using exchange rates at the rates prevailing on the balance sheet date. The income and expenditure statement is translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the foreign currency translation reserve. Such translation differences are recognised in the income and expenditure statement in the period in which the foreign operation is disposed of.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates, which are dealt with below.

(a) *Estimation for Allowance for Impairment Losses for Loans Receivable*

In the assessment of impairment losses for loans receivable, the Group considers the average resale price of flats in the same location and of similar flat type, the duration of the loan in arrears and the total outstanding loans receivable.

Management is of the opinion that adequate impairment losses, as disclosed in Note 8 to the financial statements, have been made.

The carrying amount of the Group's loans receivable is disclosed in Note 8 to the financial statements.

(b) *Estimation for Impairment Losses for Property, Plant and Equipment and Investment Properties*

At each balance sheet date, management assesses whether there is any indication that property, plant and equipment and investment properties have suffered an impairment loss.

In the assessment of the impairment loss, the Group estimates the market values of the properties and the future cash flows, with an appropriate discount rate to calculate the present value of the cash flows.

Management is of the opinion that adequate impairment losses, as disclosed in Notes 6 and 7 to the financial statements, have been made.

The carrying amounts of the Group's property, plant and equipment and investment properties are disclosed in Notes 6 and 7 to the financial statements.

(c) *Foreseeable Losses relating to Properties under Development*

Estimated selling price of the location, design and the estimated contract sum of the project are used to determine the foreseeable loss relating to properties under development.

The carrying amount of properties under development is disclosed in Note 13 to the financial statements.

(d) *Useful Lives of Property, Plant and Equipment*

As described in Note 2(f), the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Based on management's assessment as at the year end, the useful lives of property, plant and equipment remain appropriate.

4. FINANCIAL RISKS AND MANAGEMENT

The Group's activities expose it to a variety of risks as follows:

(a) *Categories of Financial Instruments*

The following table sets out the financial instruments as at the balance sheet date:

	<u>Group</u>		<u>HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Financial Assets</i>				
Held-to-maturity debt securities	12,713	24,524	—	—
Loans and receivables (including cash and bank balances) ⁽¹⁾	50,081,694	51,377,016	50,033,176	51,335,751
Available-for-sale securities	<u>24,571</u>	<u>39,276</u>	<u>—</u>	<u>—</u>
<i>Financial Liabilities (at amortised cost)</i>				
Loans payable	56,872,065	57,828,353	56,872,065	57,828,353
Payables (including amount due to subsidiary) ⁽²⁾	<u>1,002,623</u>	<u>1,036,696</u>	<u>983,592</u>	<u>1,021,313</u>

⁽¹⁾Excludes prepayments.

⁽²⁾Excludes deferred income, provisions, advances and downpayment deposits.

(b) The following sets out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group.

(i) *Credit risk*

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 held as collateral. An allowance for impairment is made in respect of non-performing loans receivable from flats buyers where the collateral held is insufficient to discharge the total loans receivable. The allowance represents the aggregate amount by which management considers it necessary to write down its loans receivable in order to state it in the balance sheet at its estimated recoverable value.

Although the Group's credit exposure is concentrated mainly in Singapore, it has no significant concentration of credit risk with any single loan recipient or group of loan recipients.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on loans receivable and other receivables are disclosed in Notes 8 and 16 to the financial statements respectively.

(ii) *Interest rate risk*

The Group's exposure to market risk for changes in interest rate relates primarily to the mortgage and upgrading financing loans payable and loans receivable both of which are pegged to the CPF rates. The Group manages its interest rate exposure by largely matching the terms of the government loans payable with those of the loans receivable. In addition to government loans, the Group also accesses the capital market and financial institutions for its funding requirements as and when required. The bank loans are unsecured and short-term in nature. Therefore, any future variation in interest rates is not expected to have a material impact on the results of the Group. As the Group does not have significant interest-bearing asset balances at floating rates, the Group's income is substantially independent of changes in market interest rates. Accordingly, no sensitivity analysis is presented. Information relating to the Group's interest rate exposure is disclosed in the respective notes to the financial statements.

(iii) *Foreign currency exchange risk*

The Group has limited exposure to foreign currency exchange risk as its operations are substantially transacted in Singapore dollars.

All financial assets and liabilities reported on the balance sheet are denominated in Singapore dollars.

(iv) *Equity price risk*

The Group is not exposed to significant equity risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments. Any reasonably possible changes in prices of available-for-sale investments are not expected to have a significant impact on the Group's capital and reserves.

Further details of these equity investments can be found in Note 11 to the financial statements.

(v) *Liquidity risk*

The Group monitors and maintains a level of cash and cash equivalents deemed adequate to finance its 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 HDB for its funding requirements.

Financial liabilities

The following tables detail the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and HDB can be required to pay. The adjustment column represents the interest payments analyses which are not included in the carrying amount of the financial liability on the balance sheet.

	<i>On demand or within 1 year</i>	<i>Within 2 to 5 years</i>	<i>After 5 years</i>	<i>Adjustment</i>	<i>Total</i>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<i>Group</i>					
<i>2008/2009</i>					
Loans payable	8,447,123	21,874,572	37,467,767	(10,917,397)	56,872,065
Payables ⁽¹⁾	1,002,623	—	—	—	1,002,623
<i>2007/2008</i>					
Loans payable	8,046,594	22,053,039	38,869,810	(11,141,090)	57,828,353
Payables ⁽¹⁾	1,036,696	—	—	—	1,036,696

(v) *Liquidity risk — (continued)*

	<i>On demand or within 1 year</i>	<i>Within 2 to 5 years</i>	<i>After 5 years</i>	<i>Adjustment</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>HDB</i>					
<i>2008/2009</i>					
Loans payable	8,447,123	21,874,572	37,467,767	(10,917,397)	56,872,065
Payables (including amount due to subsidiary) ⁽¹⁾	983,592	—	—	—	983,592
<i>2007/2008</i>					
Loans payable	8,046,594	22,053,039	38,869,810	(11,141,090)	57,828,353
Payables (including amount due to subsidiary) ⁽¹⁾	1,021,313	—	—	—	1,021,313

⁽¹⁾Excludes deferred income, provisions, advances and downpayment deposits.

(vi) *Fair values of financial assets and financial liabilities*

The carrying amounts of cash and cash equivalents, trade and other current receivables, payables and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities that are traded on active liquid markets are determined with reference to quoted market prices.

(vii) *Capital risk management policies and objectives*

As a statutory board, the HDB's primary mission is to achieve government's social objectives. The HDB's development programmes and operational requirements are financed by housing development loans from the Government, bank loans and bonds issued. In addition, the MOF will act as the lender of last resort to the HDB for its funding requirements.

The HDB's deficit is financed by government grant. A grant is also given to the HDB to protect the reserves of past governments in accordance with the Singapore Constitution. The HDB's mission and arrangement with the MOF remains unchanged from the last financial year.

5. CAPITAL AND RESERVES

(a) *Share Capital*

Under the MOF's Capital Management Framework for Statutory Boards (Finance Circular Minute No. M26/2008), the HDB received S\$1,000 equity contribution from the Minister for Finance, the body incorporated by the Minister for Finance (Incorporation) Act in 2008/2009.

(b) *Capital Account*

The capital account represents 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 the premium on the sale of land under the previous accounting system.

5. CAPITAL AND RESERVES — *(continued)*

(c) 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 relates to capital gains attributable to past governments on disposal of assets held at the changeover date of the Government.

(d) Asset Revaluation Reserve

The previous accounting system did not maintain individual asset accounts and the HDB was unable to identify the historical cost of each asset. When the HDB first adopted the present conventional accounting system in 1985, all properties owned by the HDB on 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 values.

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.

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 in respect of the same class of assets is charged to the income and expenditure statement.

6. PROPERTY, PLANT AND EQUIPMENT

	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
Cost or valuation							
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	75,695	11,302,594	6,393,075	12,095	11,489	68,709	17,863,657
Representing:							
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	2,770	5,848,484	5,224,299	12,095	11,489	68,709	11,167,846
	75,695	11,302,594	6,393,075	12,095	11,489	68,709	17,863,657

6. 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

6. 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 2008	75,695	11,302,594	6,393,075	12,095	11,489	68,709	17,863,657
Additions	1	21,828	84,400	475	689	5,901	113,294
Disposals/Write-off	(76)	(61,607)	(18,058)	—	(336)	(13,874)	(93,951)
Transfer from investment properties	—	13,335	—	—	—	—	13,335
Transfer to properties under development	—	(2,818)	—	—	—	—	(2,818)
Transfer to properties for sale	—	(16,354)	(12,401)	—	—	—	(28,755)
At 31 March 2009	<u>75,620</u>	<u>11,256,978</u>	<u>6,447,016</u>	<u>12,570</u>	<u>11,842</u>	<u>60,736</u>	<u>17,864,762</u>
<i>Representing:</i>							
Valuation							
1 April 1985	48,815	4,583,490	856,650	—	—	—	5,488,955
31 March 1986	24,110	826,593	297,882	—	—	—	1,148,585
Cost	<u>2,695</u>	<u>5,846,895</u>	<u>5,292,484</u>	<u>12,570</u>	<u>11,842</u>	<u>60,736</u>	<u>11,227,222</u>
	<u>75,620</u>	<u>11,256,978</u>	<u>6,447,016</u>	<u>12,570</u>	<u>11,842</u>	<u>60,736</u>	<u>17,864,762</u>

6. 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 2008	—	1,794,349	1,453,834	—	9,755	60,056	3,317,994
Depreciation	—	118,229	115,762	558	531	3,427	238,507
Disposals/Write-off	—	(16,576)	(7,020)	—	(336)	(13,818)	(37,750)
Transfer from investment properties	—	214	—	—	—	—	214
Transfer to properties under development	—	(512)	—	—	—	—	(512)
Transfer to properties for sale	—	(2,709)	(4,161)	—	—	—	(6,870)
Impairment losses	—	220	75	—	—	—	295
Reversal of impairment losses	—	(953)	(367)	—	—	—	(1,320)
At 31 March 2009	—	1,892,262	1,558,123	558	9,950	49,665	3,510,558
Carrying amounts							
At 31 March 2009	75,620	9,364,716	4,888,893	12,012	1,892	11,071	14,354,204

6. PROPERTY, PLANT AND EQUIPMENT — (continued)

	<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>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<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>

6. PROPERTY, PLANT AND EQUIPMENT — (continued)

	HDB						
	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	1,377,679	—	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
Carrying amounts							
At 31 March 2008	75,695	9,508,245	4,934,380	12,095	1,684	7,537	14,539,636

6. PROPERTY, PLANT AND EQUIPMENT — (continued)

	<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>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<i>Cost or valuation</i>							
At 1 April 2008	75,695	11,302,594	6,387,506	12,095	11,176	65,872	17,854,938
Additions	1	21,828	71,816	475	651	4,093	98,864
Disposals/Write-off	(76)	(61,607)	(18,058)	—	(336)	(13,637)	(93,714)
Transfer from investment properties	—	13,335	—	—	—	—	13,335
Transfer to properties under development	—	(2,818)	—	—	—	—	(2,818)
Transfer to properties for sale	—	(16,354)	(12,401)	—	—	—	(28,755)
At 31 March 2009	<u>75,620</u>	<u>11,256,978</u>	<u>6,428,863</u>	<u>12,570</u>	<u>11,491</u>	<u>56,328</u>	<u>17,841,850</u>
<i>Representing:</i>							
Valuation							
1 April 1985	48,815	4,583,490	856,650	—	—	—	5,488,955
31 March 1986	24,110	826,593	297,882	—	—	—	1,148,585
Cost	<u>2,695</u>	<u>5,846,895</u>	<u>5,274,331</u>	<u>12,570</u>	<u>11,491</u>	<u>56,328</u>	<u>11,204,310</u>
	<u>75,620</u>	<u>11,256,978</u>	<u>6,428,863</u>	<u>12,570</u>	<u>11,491</u>	<u>56,328</u>	<u>17,841,850</u>

6. PROPERTY, PLANT AND EQUIPMENT — (continued)

	HDB						
	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 2008	—	1,794,349	1,453,126	—	9,492	58,335	3,315,302
Depreciation	—	118,229	113,303	558	511	2,914	235,515
Disposals/Write-off	—	(16,576)	(7,020)	—	(336)	(13,581)	(37,513)
Transfer from investment properties	—	214	—	—	—	—	214
Transfer to properties under development	—	(512)	—	—	—	—	(512)
Transfer to properties for sale	—	(2,709)	(4,161)	—	—	—	(6,870)
Impairment losses	—	220	75	—	—	—	295
Reversal of impairment losses	—	(953)	(367)	—	—	—	(1,320)
At 31 March 2009	—	1,892,262	1,554,956	558	9,667	47,668	3,505,111
Carrying amounts							
At 31 March 2009	75,620	9,364,716	4,873,907	12,012	1,824	8,660	14,336,739

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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 the HDB for holding and maintaining these properties. The net book value of these markets and hawker centres was approximately S\$427 million (2007/2008 : S\$436 million).

The impairment losses of S\$0.3 million (2007/2008 : S\$1 million) and the reversal of S\$1.3 million (2007/2008 : S\$3.7 million) in respect of certain commercial properties are based on the estimated recoverable values, taking into account the recent tenders and market comparables for these properties.

7. INVESTMENT PROPERTIES

	<i>Group</i>	<i>HDB</i>
	<i>S\$'000</i>	<i>S\$'000</i>
<i>Cost</i>		
At 1 April 2007	6,688,426	6,669,299
Additions	23,906	23,906
Disposals/Write-off	(584)	(584)
Transfer from property, plant and equipment	44,269	44,269
Transfer to properties under development	(34,676)	(34,676)
At 31 March 2008	<u>6,721,341</u>	<u>6,702,214</u>
<i>Accumulated depreciation and impairment losses</i>		
At 1 April 2007	1,848,022	1,847,052
Depreciation	79,516	77,414
Disposals/Write-off	(248)	(248)
Transfer from property, 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>1,805,095</u>	<u>1,802,023</u>
<i>Carrying amounts</i>		
At 31 March 2008	<u>4,916,246</u>	<u>4,900,191</u>
<i>Fair value</i>		
At 31 March 2008	<u>11,257,562</u>	<u>11,225,062</u>
<i>Cost</i>		
At 1 April 2008	6,721,341	6,702,214
Additions	7,744	7,744
Disposals/Write-off	(3,254)	(3,254)
Transfer to property, plant and equipment	(13,335)	(13,335)
At 31 March 2009	<u>6,712,496</u>	<u>6,693,369</u>
<i>Accumulated depreciation and impairment losses</i>		
At 1 April 2008	1,805,095	1,802,023
Depreciation	80,527	80,271
Disposals/Write-off	(1,539)	(1,539)
Transfer to property, plant and equipment	(214)	(214)
Impairment losses	117,511	117,511
Reversal of impairment losses	(11,300)	(11,300)
At 31 March 2009	<u>1,990,080</u>	<u>1,986,752</u>
<i>Carrying amounts</i>		
At 31 March 2009	<u>4,722,416</u>	<u>4,706,617</u>
<i>Fair value</i>		
At 31 March 2009	<u>11,261,547</u>	<u>11,239,727</u>

7. INVESTMENT PROPERTIES — (continued)

The fair value of the investment properties which are leasehold in nature, is determined based on the comparable sales method or the income approach as stated in Note 2(h) to the financial statements.

The property rental income from the Group's investment properties all of which are leased out under operating leases, amounted to S\$445 million (2007/2008 : S\$432 million). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to S\$239 million (2007/2008 : S\$244 million).

The impairment losses of S\$118 million (2007/2008 : Nil) and reversal of impairment losses of S\$11 million (2007/2008 : S\$118 million) was made to reflect the estimated recoverable amount based on the prevailing market conditions.

8. LOANS RECEIVABLE

	<i>Group</i>		<i>HDB</i>	
	<i>2008/2009</i>	<i>2007/2008</i>	<i>2008/2009</i>	<i>2007/2008</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	47,085,563	49,640,231	47,085,563	49,640,231
Late payment charges for mortgage loans	43,944	44,419	43,944	44,419
Loans for shops sold	33	77	33	77
Staff loans	203	199	—	—
	47,129,743	49,684,926	47,129,540	49,684,727
<i>Deferred receivable</i>				
Upgrading costs due from lessees	105,661	125,339	105,661	125,339
	47,235,404	49,810,265	47,235,201	49,810,066
<i>Less:</i>				
Allowance for impairment losses	(97,822)	(84,809)	(97,822)	(84,809)
Balance as at 31 March	47,137,582	49,725,456	47,137,379	49,725,257
<i>Represented by amount receivable:</i>				
Within 1 year	2,853,108	2,898,805	2,853,032	2,898,724
Later than 1 year but not more than 2 years	2,360,702	2,405,015	2,360,642	2,404,962
Later than 2 years but not more than 5 years	7,165,898	7,328,901	7,165,832	7,328,836
Later than 5 years	34,757,874	37,092,735	34,757,873	37,092,735
	44,284,474	46,826,651	44,284,347	46,826,533
	47,137,582	49,725,456	47,137,379	49,725,257

The mortgage loans are granted to the buyers of flats under the public housing schemes with the flats held 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 programmes of the Government.

8. LOANS RECEIVABLE — *(continued)*

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

The movements in allowance for impairment losses for the Group:

	<i>Group and HDB</i>	
	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000
Balance as at 1 April	84,809	114,985
Allowance/(Reversal) for impairment losses	14,101	(30,002)
Bad debts written off against allowance	(1,088)	(174)
Balance as at 31 March	<u>97,822</u>	<u>84,809</u>

Interest rates and repayment terms on the loans are:

	<u>Interest rate</u> (per annum)	<u>Repayment term</u>
Mortgage loans granted to lessees for purchase of flats under public housing schemes	2.60% to 3.82% (2007/2008 : 2.60% to 3.82%)	Up to 30 years
Loans granted to tenants for the purchase of shops	5.25% (2007/2008 : 5.25%)	4 years
Loans granted to staff	4.25% (2007/2008 : 4.25%)	Up to 6 years
Upgrading costs due from lessees	2.60% to 3.82% (2007/2008 : 2.60% to 3.82%)	Up to 25 years

The carrying amounts of loans receivable 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 paid.

The loans are collected through monthly instalment payments from the loan recipients. Instalment payments are due on the 1st day of every month. Late payment charges will be imposed based on the outstanding balance as at the end of each month, in accordance with the Housing and Development (Penalties for Late Payment) Rules and the Housing and Development (Interest and Penalties for Late Payment of Improvement Contribution) Rules.

A credit assessment based on objective criteria is carried out for loans granted. The loans are secured by the flats that are sold. Loans that are past due but not impaired as at the year end amounted to S\$10,231 million (2007/2008 : S\$10,946 million). No allowance for impairment losses has been made on the loans receivable, as the market value of the collateral is higher than the loans receivable. The average age of these loans receivable is 8.2 months (2007/2008 : 7.4 months).

In determining the recoverability of the loans receivable, the HDB considers any change in credit quality of the loan, the duration of the loan in arrears and the market value of the collateral as at the reporting date. Accordingly, an allowance of S\$98 million (2007/2008 : S\$85 million) representing 0.21% (2007/2008 : 0.17%) of the total loans receivable had been made. Management is of the opinion that adequate impairment losses have been made.

9. INVESTMENT IN SUBSIDIARY

			<u>HDB</u>	
			<u>2008/2009</u>	<u>2007/2008</u>
			S\$'000	S\$'000
<i>Subsidiary</i>				
E M Services Pte Ltd ^(a) (unquoted equity shares at cost)			<u>1,500</u>	<u>1,500</u>
	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Percentage of equity held by the Group</u>	
			<u>2008/2009</u>	<u>2007/2008</u>
			%	%
<i>Subsidiary of the HDB</i>				
E M Services Pte Ltd ^(a)	Property management and engineering services	Singapore	75	75
<i>Subsidiaries of E M Services Pte Ltd</i>				
E M Property Management Pte Ltd ^(a)	Property management	Singapore	100	100
Property Inc. Pte Ltd ^(a) (formerly known as Yi An Property Agency Pte Ltd)	Real estate agency	Singapore	100	100

^(a)Audited by Foo Kon Tan Grant Thornton.

10. INVESTMENT IN ASSOCIATE

			<u>Group</u>	
			<u>2008/2009</u>	<u>2007/2008</u>
			S\$'000	S\$'000
<i>Associate</i>				
Unquoted equity shares at cost			525	525
Exchange translation reserve			(28)	(28)
Share of post acquisition losses			<u>(20)</u>	<u>(20)</u>
			<u>477</u>	<u>477</u>

Details of the Group's associate at 31 March 2009 is as follows:

	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Percentage of equity held by the Group</u>	
			<u>2008/2009</u>	<u>2007/2008</u>
			%	%
<i>Associate of E M Services Pte Ltd</i>				
Pengda Investment & Development Pte Ltd ^(a)	Investment and real estate developer	Singapore	35	35

^(a)Audited by S P Tan & Co.

11. OTHER INVESTMENTS

	<u>Group</u>	
	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000
<i>Non-current investments:</i>		
Held-to-maturity debt securities, at amortised cost	6,003	20,524
Impairment loss	(3,797)	—
	<u>2,206</u>	<u>20,524</u>
Available-for-sale equity securities (quoted), at fair value	24,571	35,276
	<u>26,777</u>	<u>55,800</u>
<i>Current investments:</i>		
Held-to-maturity debt securities, at amortised cost	10,507	4,000
Available-for-sale debt securities (quoted), at fair value	—	4,000
	<u>10,507</u>	<u>8,000</u>
Fair value of held-to-maturity debt securities	<u>12,585</u>	<u>24,914</u>

The fair value for investments in quoted available-for-sale investments is based on the quoted closing market prices on the last market day of the financial year.

Held-to-maturity debt securities have average effective interest rates of 4.1% to 6% (2007/2008 : 4.04% to 5.5%) per annum and mature in one to five years.

An impairment loss amounting to S\$3.8 million is charged to operating expenses (Note 23) during the year based on indicative quoted market price.

The held-to-maturity and available-for-sale investments are denominated in Singapore dollars.

12. INCOME TAX

(a) *Income tax expense*

	<u>Group</u>	
	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000
Current tax expense		
— Current year	3,054	2,470
— Under/(Over) provision in respect of prior years	255	(571)
	<u>3,309</u>	<u>1,899</u>
Deferred tax expense		
— Origination and reversal of temporary differences	897	(66)
	<u>897</u>	<u>(66)</u>
Total income tax expense	<u>4,206</u>	<u>1,833</u>

12. INCOME TAX — (continued)

(a) Income tax expense — (continued)

	<u>Group</u>	
	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000
<i>Reconciliation of effective tax rate:</i>		
Net (deficit)/surplus before taxation	(68,318)	174,430
<i>Less:</i>		
Net (deficit)/surplus of HDB excluding dividends from subsidiary (Note 21), not subject to taxation	(85,338)	162,038
Net surplus subject to taxation	<u>17,020</u>	<u>12,392</u>
Income tax at applicable tax rate of 17% (2007/2008 : 18%)	2,893	2,231
Tax effect of partial tax exemption and tax relief	(71)	(71)
Income tax at concessionary rate	(60)	(92)
Income not subject to tax	(493)	(316)
Expenses not deductible for tax purposes	1,562	652
Under/(Over) provision in respect of prior years	255	(571)
Effect of change in tax rate	120	—
	<u>4,206</u>	<u>1,833</u>

(b) Movements in provision for income tax

Balance as at 1 April	2,481	1,745
Charge for the year	3,054	2,470
Payments made during the year	(2,735)	(1,163)
Under/(Over) provision in respect of prior years	255	(571)
Balance as at 31 March	<u>3,055</u>	<u>2,481</u>

(c) Deferred tax

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

	<i>At 1 April 2007</i>	<i>Recognised in Income and Expenditure Statement</i>	<i>At 31 March 2008</i>	<i>Recognised in Income and Expenditure Statement</i>	<i>Change in Tax Rate</i>	<i>At 31 March 2009</i>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<i>Deferred tax liabilities</i>						
Property, plant and equipment	127	1	128	323	(7)	444
Total	<u>127</u>	<u>1</u>	<u>128</u>	<u>323</u>	<u>(7)</u>	<u>444</u>
<i>Deferred tax assets</i>						
Provisions	(2,217)	(67)	(2,284)	454	127	(1,703)
Total	<u>(2,217)</u>	<u>(67)</u>	<u>(2,284)</u>	<u>454</u>	<u>127</u>	<u>(1,703)</u>
Net deferred tax assets	<u>(2,090)</u>	<u>(66)</u>	<u>(2,156)</u>	<u>777</u>	<u>120</u>	<u>(1,259)</u>

13. PROPERTIES UNDER DEVELOPMENT

	<i>Group and HDB</i>	
	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000
Land	4,231,111	2,741,329
Buildings	1,686,373	851,107
Upgrading works	163,108	150,610
Improvement works	13,573	1,000
	<u>6,094,165</u>	<u>3,744,046</u>
<i>Less:</i>		
Provision for foreseeable loss [Note 2(i)]	(2,474,361)	(1,300,552)
Balance as at 31 March	<u>3,619,804</u>	<u>2,443,494</u>
Represented by:		
Properties for sale under development	2,729,676	1,821,780
Assets under construction	727,020	471,104
Upgrading works	163,108	150,610
	<u>3,619,804</u>	<u>2,443,494</u>
Interest capitalised during the year (Note 22)	<u>62,781</u>	<u>49,882</u>

During the financial year, interest capitalised as properties under development amounted to S\$63 million (2007/2008 : S\$50 million) at an average capitalisation rate of 3.08% (2007/2008 : 3.47%).

14. PROPERTIES FOR SALE

	<i>Group and HDB</i>	
	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000
Cost of flats	539,472	983,705
<i>Less:</i>		
Provision for unrealised loss [Note 2(j)]	(8,987)	(68,587)
Balance as at 31 March	<u>530,485</u>	<u>915,118</u>

15. GOVERNMENT GRANT RECEIVABLE

	<i>Group and HDB</i>	
	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000
Balance as at 1 April	1,227,674	728,102
<i>Less:</i>		
Amount received	(788,714)	(748,419)
	438,960	(20,317)
Transfer from income and expenditure statement	2,040,297	1,247,991
Balance as at 31 March	<u>2,479,257</u>	<u>1,227,674</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(l)].

16. TRADE AND OTHER RECEIVABLES

	<u>Group</u>		<u>HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables	387,698	324,942	377,296	309,453
<i>Less:</i>				
Allowance for impairment losses	(13,198)	(15,536)	(13,102)	(15,396)
	374,500	309,406	364,194	294,057
Other receivables	41,944	44,746	35,635	43,806
<i>Less:</i>				
Allowance for impairment losses	(26)	(26)	(26)	(26)
	41,918	44,720	35,609	43,780
Prepayments	34,306	19,411	30,134	19,411
Deposits	800	336	301	32
Balance as at 31 March	451,524	373,873	430,238	357,280

Included in the Group's trade receivables balance are debtors with a carrying amount of S\$89 million (2007/2008: S\$51 million) which are past due as at the reporting date but no allowance for impairment losses is made, as there has not been a significant change in credit quality. The average age of these receivables is 4.0 months (2007/2008 : 6.2 months). The Group does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable as at the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes that there is no further credit provision required in excess of the allowance for impairment losses.

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

	<u>Group</u>		<u>HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 April	15,562	22,851	15,422	22,801
Allowance for impairment losses	2,669	1,781	2,713	1,691
Bad debts written off against allowance	(5,007)	(9,070)	(5,007)	(9,070)
Balance as at 31 March	13,224	15,562	13,128	15,422

17. CASH AND BANK BALANCES

	<u>Group</u>		<u>HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and bank balances	18,741	45,948	14,244	42,999
Fixed deposits	28,896	23,476	2,192	1,952
Balance as at 31 March	47,637	69,424	16,436	44,951
Less:				
Funds held in trust	10,145	6,573	10,145	6,573
Cash and cash equivalents as at 31 March	37,492	62,851	6,291	38,378

Amount held in trust comprise mainly monies maintained by HDB with financial institutions on behalf of its principal for agency project, fixed deposits placed on behalf of Club HDB and funds held for management of joint research projects.

Cash and bank balances comprise cash and short-term bank deposits held by the Group. The carrying amounts of these assets approximate their fair values.

Fixed deposits, excluding those held in trust at the financial year end bear interest ranging from 0.025% to 1.5875% (2007/2008 : 0.9% to 1.2%) per annum and for a tenure from 1 to 2 months (2007/2008 : 1 to 11 months) which are readily convertible to known amount of cash.

18. LOANS PAYABLE

	<u>Group and HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000
<i>Government loans</i>		
Housing development loans	1,380,000	—
Mortgage financing loans	47,093,645	49,669,338
Upgrading financing loans	95,466	116,127
	48,569,111	49,785,465
<i>Bonds</i>		
Principal	5,550,000	5,200,000
Unamortised premium/discount	454	1,388
	5,550,454	5,201,388
<i>Bank loans (unsecured)</i>	2,752,500	2,841,500
Balance as at 31 March	56,872,065	57,828,353
Represented by amount payable:		
Within 1 year	6,975,136	6,572,605
Later than 1 year but not more than 2 years	4,548,126	4,835,748
Later than 2 years but not more than 5 years	12,734,580	12,595,383
Later than 5 years	32,614,223	33,824,617
	49,896,929	51,255,748
	56,872,065	57,828,353
Fair value of bonds	5,776,981	5,360,887

18. LOANS PAYABLE — (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at balance sheet date. The indicative ask price is used for the bonds issued by the Group. The carrying amounts of government loans 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 paid.

The loans and bonds are denominated in Singapore dollars.

The average effective interest rates paid and repayment terms on the loans are:

	<u>Interest rate</u> (per annum)	<u>Repayment term</u>
Housing development loans	4.50% (2007/2008 : 4.50%)	20 years
Mortgage financing loans	2.50% to 3.72% (2007/2008 : 2.50% to 3.72%)	Up to 30 years
Upgrading financing loans	2.50% (2007/2008 : 2.50%)	10 years
Bank loans (unsecured)	2.20% to 2.98% (2007/2008 : 1.28% to 3.00%)	Within 1 year

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

<u>Series number</u>	<u>Principal</u> S\$M	<u>Coupon rate</u> (per annum)	<u>Tenure</u>	<u>Maturity</u>
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
008	250	3.560%	10 years	23 February 2014
009	300	2.520%	5 years	3 November 2009
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
025	300	3.455%	5 years	15 July 2013
026	300	3.950%	10 years	15 July 2018

The coupon rate is the effective interest rate of the bonds issued by the HDB, except for Series number 003 (Re-opened).

19. TRADE AND OTHER PAYABLES

	<u>Group</u>		<u>HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables	642,987	625,737	621,684	605,850
Downpayment deposits and advances	416,105	292,174	416,105	292,174
Other deposits	192,107	223,408	192,107	223,408
Deferred income (Note 20)	82,635	75,008	82,191	74,287
Interest payable	167,529	187,551	167,529	187,551
Provisions	22,282	23,255	21,044	21,044
	<u>1,523,645</u>	<u>1,427,133</u>	<u>1,500,660</u>	<u>1,404,314</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 Group and HDB are:

	<u>Group</u>		<u>HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 April	23,255	23,481	21,044	21,044
Provisions utilised	(504)	(226)	—	—
Unutilised provisions written back to Income and Expenditure	(469)	—	—	—
Balance as at 31 March	<u>22,282</u>	<u>23,255</u>	<u>21,044</u>	<u>21,044</u>

20. DEFERRED INCOME

	<u>Group</u>		<u>HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Within 1 year (Note 19)	82,635	75,008	82,191	74,287
After 1 year but within 5 years	159,883	147,174	159,883	147,174
After 5 years	473,265	447,476	473,265	447,476
	<u>633,148</u>	<u>594,650</u>	<u>633,148</u>	<u>594,650</u>
	<u>715,783</u>	<u>669,658</u>	<u>715,339</u>	<u>668,937</u>

Deferred income relates principally to amount received in advance in respect of operating leases of land, commercial and industrial properties [Note 2(e)].

21. INCOME

	<u>Group</u>		<u>HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Interest income	1,341,357	1,418,793	1,340,280	1,417,007
Rental and related income	896,166	857,497	869,795	842,281
Car park income	488,062	450,497	488,622	451,042
Recoveries for upgrading and others	91,341	69,978	91,341	69,978
Levy on resale flats and sales premium	27,111	41,184	27,111	41,184
Agency and consultancy fees	91,463	114,281	18,447	40,921
Gain on disposal of assets	49,519	60,907	49,496	60,902
Investment income	2,185	1,754	6,000	4,920
Fees and other income	76,759	76,369	75,814	76,065
	<u>3,063,963</u>	<u>3,091,260</u>	<u>2,966,906</u>	<u>3,004,300</u>

Investment income includes dividend income as follows:

	<u>Group</u>		<u>HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Dividend from:				
— Unquoted subsidiary	—	—	6,000	4,920
— Others	<u>2,185</u>	<u>1,751</u>	<u>—</u>	<u>—</u>

22. FINANCIAL EXPENSES

	<u>Group and HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000
Interest expense from:		
— Government loans	1,302,549	1,421,712
— Bank loans	62,290	62,567
— Bonds	194,556	180,377
	1,559,395	1,664,656
Less:		
Interest capitalised in properties under development (Note 13)	(62,781)	(49,882)
Bond amortisation	(934)	(891)
Balance as at 31 March	<u>1,495,680</u>	<u>1,613,883</u>

23. EXPENSES BY NATURE

Expenses include the following:

	<u>Group</u>		<u>HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Upgrading, improvements and demolition	820,248	623,033	872,347	625,102
Depreciation	317,790	313,946	314,542	311,402
Property tax	107,460	108,539	107,377	108,468
Impairment losses on property, plant and equipment, and investment properties	117,806	1,067	117,806	1,067
Reversal of impairment losses on property, plant and equipment, and investment properties	(12,383)	(121,840)	(12,383)	(121,840)
Provision for foreseeable loss/unrealised loss for properties under development/for sale	1,236,944	783,757	1,236,944	783,757
Allowance/(Reversal of allowance) for impairment losses on loans receivable and debtors	17,157	(25,642)	17,201	(25,732)
Impairment loss on held-to-maturity financial assets	3,797	—	—	—
Manpower costs	429,815	443,764	377,555	390,538
Board members' fees	123	125	123	125
Directors' fees and remuneration	516	467	—	—
Manpower costs and overheads capitalised in:				
— properties under development	(11,067)	(7,901)	(11,067)	(7,901)
— inventories of building materials	(5,039)	(5,055)	(5,039)	(5,055)
CPF Housing grant (shown as other expenses in the income and expenditure statement)	331,335	215,496	331,335	215,496

24. MANPOWER COSTS

	<u>Group</u>		<u>HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Salaries and bonuses	374,833	388,790	328,625	341,834
Contribution to CPF	37,860	39,497	32,809	34,590
Staff benefits	8,961	7,909	8,324	6,862
Training/development costs and others	8,161	7,568	7,797	7,252
	<u>429,815</u>	<u>443,764</u>	<u>377,555</u>	<u>390,538</u>

24. MANPOWER COSTS — *(continued)*

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

	<u>Group</u>		<u>HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Salaries and other short-term employee benefits	5,623	6,307	5,118	5,852
Contribution to CPF	126	130	115	118
	<u>5,749</u>	<u>6,437</u>	<u>5,233</u>	<u>5,970</u>

25. GOVERNMENT GRANT

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

	<u>HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000
Total grant as at 1 April	17,240,622	15,992,631
Grant for the financial year	2,040,297	1,247,991
Total grant as at 31 March	<u>19,280,919</u>	<u>17,240,622</u>

26. 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:

	<u>Group and HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000
<i>HDB's transactions with:</i>		
<i>Subsidiaries</i>		
Property management	(817)	(374)
Telemonitoring management, mechanical and electrical services	(53,750)	(2,677)
Other services	(704)	(513)
Rental income	10,812	7,162
Sale of parking labels	560	545
<i>MND</i>		
Agency fee income	9,840	31,551
<i>Singapore Land Authority</i>		
Purchase of land	(1,618,236)	(1,236,573)
Proceeds from return of land, flats and other properties to Government	93,536	96,400
Agency fees and other income	3,048	2,020
Temporary occupation licence fees	(2,825)	(2,722)
<i>National Environment Agency</i>		
Agency fees and recoveries	12,442	17,838

26. SIGNIFICANT RELATED PARTY TRANSACTIONS — (continued)

	<i>Group and HDB</i>	
	<i>2008/2009</i>	<i>2007/2008</i>
	<i>S\$'000</i>	<i>S\$'000</i>
<i>Other Ministries and Statutory Boards</i>		
Agency fees, recoveries and others	3	676
Rental income	1,349	1,349
<i>Town Councils</i>		
Operating fee for car park maintenance expenses	(39,050)	(33,483)
<i>Subsidiaries' transactions with:</i>		
<i>Ministries, Town Councils and Statutory Boards</i>		
Estate management agency fee income	66,009	73,029
<i>Amounts due to related parties as at 31 March</i>	31,548	33,467
<i>Amounts due from related parties as at 31 March</i>	5,103	4,672

The outstanding amounts are unsecured. There are no guarantees provided or received in respect of the related party balances. For 2008/2009, the Group had not made any allowance for impairment relating to amounts owed by related parties (2007/2008 : Nil).

27. 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 housing 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.

27. SEGMENTAL INFORMATION — (continued)

2008/2009

	<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	1,061	—	149	—	—	—	8	—	1,218
Cost of sales	(993)	—	(194)	—	—	—	(8)	43	(1,152)
Gross profit/(loss)	68	—	(45)	—	—	—	—	43	66
Income:									
— External	40	82	499	25	936	1,347	135	—	3,064
— Inter-segment	2	—	51	—	21	—	61	(135)	—
Total income	42	82	550	25	957	1,347	196	(135)	3,064
Segment result	(1,553)	(696)	(118)	(150)	412	(18)	20	(6)	(2,109)
Government grant									2,040
Taxation									(4)
Minority interests									(3)
Net deficit									(76)

27. SEGMENTAL INFORMATION — (continued)

2008/2009

	<u>Home Ownership</u>	<u>Upgrading</u>	<u>Residential Ancillary Functions</u>	<u>Rental Flats</u>	<u>Other Rental and Related Businesses</u>	<u>Mortgage Financing</u>	<u>Agency and Others</u>	<u>Eliminations</u>	<u>Group</u>
	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	(1)	(696)	(53)	(94)	(28)	—	—	52	(820)
Depreciation	(2)	—	(134)	(37)	(133)	—	(12)	—	(318)
Impairment losses on property, plant and equipment, and investment properties	—	—	—	—	(118)	—	—	—	(118)
Reversal of impairment losses on property, plant and equipment, and investment properties	—	—	—	—	12	—	—	—	12
Provision for loss for properties under development/for sale	(1,237)	—	—	—	—	—	—	—	(1,237)
Allowance for impairment losses on loans receivable and debtors	—	—	—	(1)	(2)	(14)	—	—	(17)
CPF Housing grant	(331)	—	—	—	—	—	—	—	(331)
Segment assets	5,923	328	8,922	2,222	8,008	47,098	852	—	73,353
Unallocated assets									74
Total assets									73,427
Segment liabilities	2,727	368	4,009	138	3,979	47,196	441	—	58,858
Unallocated liabilities									174
Total liabilities									59,032
Capital additions	19	—	125	148	65	—	19	—	376

27. SEGMENTAL INFORMATION — (continued)

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

27. SEGMENTAL INFORMATION — (continued)

2007/2008

	<u>Home Ownership</u>	<u>Upgrading</u>	<u>Residential Ancillary Functions</u>	<u>Rental Flats</u>	<u>Other Rental and Related Businesses</u>	<u>Mortgage Financing</u>	<u>Agency and Others</u>	<u>Eliminations</u>	<u>Group</u>
	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)
Segment assets	4,132	211	9,100	2,398	7,895	49,626	885	—	74,247
Unallocated assets									91
Total assets									74,338
Segment liabilities	2,472	267	3,419	14	3,369	49,794	354	—	59,689
Unallocated liabilities									164
Total liabilities									59,853
Capital additions	58	—	90	71	162	—	4	—	385

28. COMMITMENTS

(a) *Capital commitments*

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

	<u>Group</u>		<u>HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Authorised and contracted for	3,805,342	1,816,480	3,800,119	1,814,763
Authorised but not contracted for	1,470,758	1,304,066	1,470,758	1,304,066
	<u>5,276,100</u>	<u>3,120,546</u>	<u>5,270,877</u>	<u>3,118,829</u>

(b) *Operating lease arrangements — 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:

	<u>Group</u>		<u>HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Within 1 year	129,553	122,022	112,697	114,670
After 1 year but within 5 years	278,864	264,041	271,888	267,387
After 5 years	277,595	291,654	277,595	291,654
	<u>686,012</u>	<u>677,717</u>	<u>662,180</u>	<u>673,711</u>

(c) *Operating lease arrangements — 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 liability, are as follows:

	<u>Group</u>		<u>HDB</u>	
	<u>2008/2009</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2007/2008</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Within 1 year	7,197	2,505	1,053	1,126
After 1 year but within 5 years	8,170	2,413	1,744	1,992
	<u>15,367</u>	<u>4,918</u>	<u>2,797</u>	<u>3,118</u>

29. CONTINGENT LIABILITIES

Modification work

A claim involving rebar works for structural columns for S\$2.4 million had been made by a contractor in 2005/2006. The matter had proceeded to arbitration and the arbitration proceedings have just been concluded. HDB has no grounds to believe that the Arbitrator's Award will be in favour of the Claimants and accordingly, no provision had been made in respect of the claim.

30. COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. This mainly includes an amount approximating S\$45 million previously reported under trade and other receivables which has been reclassified to loans receivable to present late payment charges relating to mortgage loans receivable as part of the underlying loans receivable.

As a result, certain line items have been amended on the face of the balance sheet, cash flow statement, and the related notes to the financial statements. Comparative figures have been adjusted to conform with the current year's presentation.