

No. 7/2015

**SUPPLEMENT
TO THE
REPUBLIC OF SINGAPORE
GOVERNMENT GAZETTE
FRIDAY, 14TH AUGUST 2015**

**REPORT ON THE AUDIT OF
THE FINANCIAL STATEMENTS OF
THE HOUSING AND DEVELOPMENT BOARD
FOR THE YEAR ENDED 31ST MARCH 2015**

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

In our opinion,

- (a) the accompanying financial statements of the 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 (“SB-FRS”) so as to present fairly, in all material respects, the state of affairs of the Group and the HDB as at 31 March 2015, 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 receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the HDB during the year have been, in all material respects, in accordance with the provisions of the Act and the Constitution of the Republic of Singapore.

On behalf of the Board



JAMES KOH CHER SIANG
Chairman



DR. CHEONG KOON HEAN
Chief Executive Officer

Singapore
25 May 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF THE HOUSING AND DEVELOPMENT BOARD

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing and Development Board ("HDB") and its subsidiaries ("Group") which comprise the balance sheets of the Group and the HDB as at 31 March 2015, the income and expenditure statements, statements of comprehensive income and statements of changes in capital and reserves of the Group and the HDB and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 59.

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"), and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet, income and expenditure statement, statement of comprehensive income and statement of changes in capital and reserves of the HDB are properly drawn up in accordance with the provisions of the Act and SB-FRS so as to present fairly, in all material respects, the state of affairs of the Group and the HDB as at 31 March 2015 and the results and 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.

Report on Other Legal and Regulatory Requirements

Management's Responsibility for Compliance with Legal and Regulatory Requirements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the HDB during the year are, in all material respects, in accordance with the provisions of the Act and the Constitution of the Republic of Singapore; and
- (b) proper accounting and other records have been kept, including records of all assets of the HDB and of those subsidiaries incorporated in Singapore of which we are the auditors whether purchased, donated or otherwise.



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore

25 May 2015

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

BALANCE SHEETS AS AT 31 MARCH 2015

	<i>Note</i>	<i>Group</i>		<i>HDB</i>	
		<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
		<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
		\$'000	\$'000	\$'000	\$'000
CAPITAL AND RESERVES					
Share capital	5	1	1	1	1
Capital account	5	2,468,093	2,468,100	2,463,593	2,463,600
Capital gains reserve	5	7,106,569	6,949,262	7,106,569	6,949,262
Asset revaluation reserve	5	5,530,736	5,561,752	5,530,736	5,561,752
Fair value reserve		3,758	5,152	0	0
Retained earnings		83,270	80,269	0	0
Attributable to Equity Holder of the HDB		15,192,427	15,064,536	15,100,899	14,974,615
Non-controlling interests		31,010	30,475	0	0
TOTAL EQUITY		15,223,437	15,095,011	15,100,899	14,974,615
NON-CURRENT ASSETS					
Property, plant and equipment	6	19,686,188	18,028,569	19,679,665	18,019,996
Investment properties	7	4,918,980	4,923,405	4,903,740	4,907,910
Loans receivable	8	35,008,409	34,282,248	35,008,399	34,282,248
Investment in subsidiaries	9	0	0	1,500	1,500
Available-for-sale investments	10	31,592	29,974	0	0
Deferred tax assets	11	0	1,067	0	0
Total non-current assets		59,645,169	57,265,263	59,593,304	57,211,654
CURRENT ASSETS					
Properties under development	12	16,160,901	16,426,226	16,160,901	16,426,226
Properties for sale	13	2,118,249	1,605,597	2,118,249	1,605,597
Inventories of building materials		43,781	43,905	40,835	41,067
Loans receivable within 1 year	8	2,416,480	2,383,038	2,416,460	2,382,976
Government grant receivable	14	3,943,148	2,611,914	3,943,148	2,611,914
Trade and other receivables	15	1,354,359	1,063,279	1,328,361	1,040,817
Cash and bank balances	16	105,021	92,078	54,695	42,971
Total current assets		26,141,939	24,226,037	26,062,649	24,151,568
<i>Less:</i>					
CURRENT LIABILITIES					
Loans payable within 1 year	17	12,005,930	8,298,693	12,005,930	8,298,693
Trade and other payables	18	3,283,564	3,046,811	3,265,545	3,028,014
Amount due to subsidiary		0	0	376	179
Provision for income tax	11	81	64	0	0
Total current liabilities		15,289,575	11,345,568	15,271,851	11,326,886
NET CURRENT ASSETS		10,852,364	12,880,469	10,790,798	12,824,682

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

BALANCE SHEETS AS AT 31 MARCH 2015 (*continued*)

	<i>Note</i>	<i>Group</i>		<i>HDB</i>	
		<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
		<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
		\$'000	\$'000	\$'000	\$'000
NON-CURRENT LIABILITIES					
Loans payable	17	53,972,424	54,048,563	53,983,424	54,059,563
Deferred income	19	1,299,779	1,002,158	1,299,779	1,002,158
Deferred tax liabilities	11	1,893	0	0	0
Total non-current liabilities		55,274,096	55,050,721	55,283,203	55,061,721
NET ASSETS		15,223,437	15,095,011	15,100,899	14,974,615

The accompanying notes form part of the financial statements.



JAMES KOH CHER SIANG
Chairman



AUDREY LEONG YUE YOKE
Group Director (Finance)

25 May 2015

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

INCOME AND EXPENDITURE STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	<i>Note</i>	<i>Group</i>						<i>HDB</i>					
		<i>2014/2015</i>			<i>2013/2014</i>			<i>2014/2015</i>			<i>2013/2014</i>		
		<i>Housing</i>	<i>Other</i>	<i>Total</i>	<i>Housing</i>	<i>Other</i>	<i>Total</i>	<i>Housing</i>	<i>Other</i>	<i>Total</i>	<i>Housing</i>	<i>Other</i>	<i>Total</i>
		<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Sale proceeds	26	6,663,741	41,306	6,705,047	3,802,722	0	3,802,722	6,663,741	41,306	6,705,047	3,802,722	0	3,802,722
Cost of sales before net increase in provision for foreseeable loss		(6,680,845)	0	(6,680,845)	(3,887,229)	0	(3,887,229)	(6,680,845)	0	(6,680,845)	(3,887,229)	0	(3,887,229)
Gross (loss)/profit on sales	26	(17,104)	41,306	24,202	(84,507)	0	(84,507)	(17,104)	41,306	24,202	(84,507)	0	(84,507)
Net increase in provision for foreseeable loss	22	(1,495,985)	0	(1,495,985)	(1,616,785)	0	(1,616,785)	(1,495,985)	0	(1,495,985)	(1,616,785)	0	(1,616,785)
Gross (loss)/profit after net increase in provision for foreseeable loss		(1,513,089)	41,306	(1,471,783)	(1,701,292)	0	(1,701,292)	(1,513,089)	41,306	(1,471,783)	(1,701,292)	0	(1,701,292)
Income	20	1,852,039	1,284,361	3,136,400	1,833,937	1,229,029	3,062,966	1,852,509	1,188,839	3,041,348	1,834,452	1,147,083	2,981,535
Finance expenses	21	(1,128,424)	(97,619)	(1,226,043)	(1,089,417)	(79,144)	(1,168,561)	(1,128,604)	(97,619)	(1,226,223)	(1,089,562)	(79,144)	(1,168,706)
Operating expenses	22, 23	(1,765,711)	(546,028)	(2,311,739)	(1,622,211)	(412,822)	(2,035,033)	(1,770,940)	(453,574)	(2,224,514)	(1,630,365)	(318,584)	(1,948,949)
Other expenses	22	(137,132)	0	(137,132)	(135,928)	0	(135,928)	(137,132)	0	(137,132)	(135,928)	0	(135,928)

The accompanying notes form part of the financial statements. Additional information of segments under “Housing” and “Other Activities” is provided in Note 26.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

INCOME AND EXPENDITURE STATEMENTS *(continued)* FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	<i>Note</i>	<i>Group</i>						<i>HDB</i>					
		<i>2014/2015</i>			<i>2013/2014</i>			<i>2014/2015</i>			<i>2013/2014</i>		
		<i>Housing</i>	<i>Other</i>	<i>Total</i>	<i>Housing</i>	<i>Other</i>	<i>Total</i>	<i>Housing</i>	<i>Other</i>	<i>Total</i>	<i>Housing</i>	<i>Other</i>	<i>Total</i>
		<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
NET (DEFICIT)/ SURPLUS BEFORE GOVERNMENT GRANT AND TAXATION	26	(2,692,317)	682,020	(2,010,297)	(2,714,911)	737,063	(1,977,848)	(2,697,256)	678,952	(2,018,304)	(2,722,695)	749,355	(1,973,340)
Government grant	14			2,171,623			2,118,874			2,171,623			2,118,874
NET SURPLUS BEFORE TAXATION AND TRANSFER TO RESERVES				161,326			141,026			153,319			145,534
Income tax expense	11			(2,943)			(829)			0			0
NET SURPLUS FOR THE YEAR BEFORE TRANSFER TO RESERVES				158,383			140,197			153,319			145,534

The accompanying notes form part of the financial statements. Additional information of segments under “Housing” and “Other Activities” is provided in Note 26.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

INCOME AND EXPENDITURE STATEMENTS *(continued)* FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

<i>Note</i>	<i>Group</i>						<i>HDB</i>					
	<i>2014/2015</i>			<i>2013/2014</i>			<i>2014/2015</i>			<i>2013/2014</i>		
	<i>Housing</i>	<i>Other Activities</i>	<i>Total</i>	<i>Housing</i>	<i>Other Activities</i>	<i>Total</i>	<i>Housing</i>	<i>Other Activities</i>	<i>Total</i>	<i>Housing</i>	<i>Other Activities</i>	<i>Total</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
ATTRIBUTABLE TO:												
Equity holder of the HDB			156,320			138,343			153,319			145,534
Non-controlling interests			2,063			1,854			0			0
			<u>158,383</u>			<u>140,197</u>			<u>153,319</u>			<u>145,534</u>
AMOUNT ATTRIBUTABLE TO EQUITY HOLDER OF THE HDB:												
NET SURPLUS FOR THE YEAR BEFORE TRANSFER TO RESERVES			156,320			138,343			153,319			145,534
RETAINED EARNINGS AT THE BEGINNING OF THE YEAR			80,269			87,460			0			0
Release of asset revaluation reserve			26,765			42,846			26,765			42,846
Transfer to capital gains reserve			(180,084)			(188,380)			(180,084)			(188,380)
			<u>83,270</u>			<u>87,460</u>			<u>26,765</u>			<u>42,846</u>
RETAINED EARNINGS AT THE END OF THE YEAR			<u>83,270</u>			<u>80,269</u>			<u>0</u>			<u>0</u>

The accompanying notes form part of the financial statements. Additional information of segments under “Housing” and “Other Activities” is provided in Note 26.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	<i>Group</i>		<i>HDB</i>	
	<i>2014/2015</i>	<i>2013/2014</i>	<i>2014/2015</i>	<i>2013/2014</i>
	<i>Total</i> \$'000	<i>Total</i> \$'000	<i>Total</i> \$'000	<i>Total</i> \$'000
NET SURPLUS FOR THE YEAR BEFORE TRANSFER TO RESERVES	158,383	140,197	153,319	145,534
OTHER COMPREHENSIVE INCOME				
<i>Items that may be reclassified subsequently to the income and expenditure statements:</i>				
Fair value losses on available-for-sale investment	(1,859)	(1,971)	0	0
<i>Items that will not be reclassified subsequently to the income and expenditure statements:</i>				
Net impairment (losses)/reversal of impairment losses (charged)/credited to asset revaluation reserve	(366)	6	(366)	6
Adjustment for assets capitalized in prior years	(3,892)	0	(3,892)	0
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR, NET OF TAX	(6,117)	(1,965)	(4,258)	6
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	152,266	138,232	149,061	145,540
ATTRIBUTABLE TO:				
Equity holder of the HDB	150,668	136,871	149,061	145,540
Non-controlling interests	1,598	1,361	0	0
	152,266	138,232	149,061	145,540

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	<i>Group</i>								
	<i>Share Capital</i>	<i>Capital Account</i>	<i>Capital Gains Reserve</i>	<i>Asset Revaluation Reserve</i>	<i>Fair Value Reserve</i>	<i>Retained Earnings</i>	<i>Attributable to Equity Holder of the HDB</i>	<i>Non- controlling Interests</i>	<i>Total Capital and Reserves</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Balance as at 1 April 2013</i>	1	2,468,100	6,810,828	5,604,592	6,630	87,460	14,977,611	33,364	15,010,975
Net surplus for the year before transfer to reserves	0	0	0	0	0	138,343	138,343	1,854	140,197
<i>Other comprehensive income</i>									
Net reversal of impairment losses credited to asset revaluation reserve	0	0	0	6	0	0	6	0	6
Fair value losses on available-for-sale Investment	0	0	0	0	(1,478)	0	(1,478)	(493)	(1,971)
<i>Other comprehensive (expense)/income for the year, net of tax</i>	0	0	0	6	(1,478)	0	(1,472)	(493)	(1,965)
<i>Total comprehensive (expense)/income for the year</i>	0	0	0	6	(1,478)	138,343	136,871	1,361	138,232
Transfer from retained earnings to capital gains reserve [Note 5(c)]	0	0	188,380	0	0	(188,380)	0	0	0
Release of asset revaluation reserve on disposal of assets	0	0	0	(42,846)	0	42,846	0	0	0
Return of reserves to the Government	0	0	(49,946)	0	0	0	(49,946)	0	(49,946)
Non-controlling interests' share of dividend from subsidiary	0	0	0	0	0	0	0	(4,250)	(4,250)
BALANCE AS AT 31 MARCH 2014	1	2,468,100	6,949,262	5,561,752	5,152	80,269	15,064,536	30,475	15,095,011

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES *(continued)* FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	<i>Group</i>								
	<u>Share Capital</u> \$'000	<u>Capital Account</u> \$'000	<u>Capital Gains Reserve</u> \$'000	<u>Asset Revaluation Reserve</u> \$'000	<u>Fair Value Reserve</u> \$'000	<u>Retained Earnings</u> \$'000	<u>Attributable to Equity Holder of the HDB</u> \$'000	<u>Non- controlling Interests</u> \$'000	<u>Total Capital and Reserves</u> \$'000
<i>Balance as at 1 April 2014</i>	1	2,468,100	6,949,262	5,561,752	5,152	80,269	15,064,536	30,475	15,095,011
Net surplus for the year before transfer to reserves	0	0	0	0	0	156,320	156,320	2,063	158,383
<i>Other comprehensive income</i>									
Adjustment for assets capitalized in prior years	0	(7)	0	(3,885)	0	0	(3,892)	0	(3,892)
Net impairment losses charged to asset revaluation reserve	0	0	0	(366)	0	0	(366)	0	(366)
Fair value losses on available-for-sale investment	0	0	0	0	(1,394)	0	(1,394)	(465)	(1,859)
<i>Other comprehensive (expense)/income for the year, net of tax</i>	0	(7)	0	(4,251)	(1,394)	0	(5,652)	(465)	(6,117)
<i>Total comprehensive (expense)/income for the year</i>	0	(7)	0	(4,251)	(1,394)	156,320	150,668	1,598	152,266
Transfer from retained earnings to capital gains reserve [Note 5(c)]	0	0	180,084	0	0	(180,084)	0	0	0
Release of asset revaluation reserve on disposal of assets	0	0	0	(26,765)	0	26,765	0	0	0
Return of reserves to the Government	0	0	(22,777)	0	0	0	(22,777)	0	(22,777)
Non-controlling interests' share of dividend from subsidiary	0	0	0	0	0	0	0	(1,063)	(1,063)
BALANCE AS AT 31 MARCH 2015	1	2,468,093	7,106,569	5,530,736	3,758	83,270	15,192,427	31,010	15,223,437

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES *(continued)* FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	<i>HDB</i>					
	<i>Share Capital</i>	<i>Capital Account</i>	<i>Capital Gains Reserve</i>	<i>Asset Revaluation Reserve</i>	<i>Retained Earnings</i>	<i>Total Capital and Reserves</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Balance as at 1 April 2013</i>	1	2,463,600	6,810,828	5,604,592	0	14,879,021
Net surplus for the year before transfer to reserves	0	0	0	0	145,534	145,534
<i>Other comprehensive income</i>						
Net reversal of impairment losses credited to asset revaluation reserve	0	0	0	6	0	6
<i>Other comprehensive income for the year, net of tax</i>	0	0	0	6	0	6
<i>Total comprehensive income for the year</i>	0	0	0	6	145,534	145,540
Transfer from retained earnings to capital gains reserve	0	0	188,380	0	(188,380)	0
Release of asset revaluation reserve on disposal of assets	0	0	0	(42,846)	42,846	0
Return of reserves to the Government	0	0	(49,946)	0	0	(49,946)
BALANCE AS AT 31 MARCH 2014	1	2,463,600	6,949,262	5,561,752	0	14,974,615

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES *(continued)* FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	<i>HDB</i>					
	<i>Share Capital</i>	<i>Capital Account</i>	<i>Capital Gains Reserve</i>	<i>Asset Revaluation Reserve</i>	<i>Retained Earnings</i>	<i>Total Capital and Reserves</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Balance as at 1 April 2014</i>	1	2,463,600	6,949,262	5,561,752	0	14,974,615
Net surplus for the year before transfer to reserves	0	0	0	0	153,319	153,319
<i>Other comprehensive income</i>						
Adjustments for assets capitalised in prior years	0	(7)	0	(3,885)	0	(3,892)
Net impairment losses charged to asset revaluation reserve	0	0	0	(366)	0	(366)
<i>Other comprehensive income for the year, net of tax</i>	0	(7)	0	(4,251)	0	(4,258)
<i>Total comprehensive (expense)/income for the year</i>	0	(7)	0	(4,251)	153,319	149,061
Transfer from retained earnings to capital gains reserve	0	0	180,084	0	(180,084)	0
Release of asset revaluation reserve on disposal of assets	0	0	0	(26,765)	26,765	0
Return of reserves to the Government	0	0	(22,777)	0	0	(22,777)
BALANCE AS AT 31 MARCH 2015	1	2,463,593	7,106,569	5,530,736	0	15,100,899

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

		<i>Group</i>	
	<u>Note</u>	<u>2014/2015</u>	<u>2013/2014</u>
		\$'000	\$'000
OPERATING ACTIVITIES			
Net deficit before government grant and taxation		(2,010,297)	(1,977,848)
Adjustments for:			
Interest income	20	(990,413)	(996,729)
Interest expense	21	1,213,431	1,160,525
Depreciation	22	376,410	354,754
Additional/Special CPF Housing Grant netted off against sale proceeds on sale of the flat	26	262,781	162,230
Provision for foreseeable loss for properties under development/for sale	22	1,917,793	1,941,626
Loss on disposal/write-off of assets (net)		18,293	2,207
Reversal of impairment losses on property, plant and equipment and investment properties (net)	22	(15,064)	(124,868)
Allowance for impairment losses and amount written off on loans receivable and debtors	22	5,701	4,087
Amortisation of deferred income		(136,022)	(121,562)
Amortisation of transaction cost of bonds	21	12,612	8,036
Gain on disposal of investments	20	(3,403)	(27)
Investment income	20	(1,196)	(1,459)
Surplus before movement in working capital		650,626	410,972
Change in working capital:			
Properties under development		(8,117,717)	(9,581,221)
Properties for sale		6,311,554	3,512,148
Inventories of building materials		124	2,328
Trade and other receivables		(559,680)	(146,283)
Trade and other payables		222,104	241,609
Late payment charges on loans receivable		1,012	1,744
		(2,142,603)	(5,969,675)
Mortgage loan repayments and interest received		5,563,578	5,826,262
Mortgage loans granted		(5,334,124)	(3,364,691)
Interest paid on mortgage financing loans		(906,790)	(1,049,523)
Income tax refund/(paid)	11	34	(3,412)
Deferred income received		448,662	255,137
Net cash used in operating activities		(1,720,617)	(3,894,930)

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)* FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

		<i>Group</i>	
	<u>Note</u>	<u>2014/2015</u>	<u>2013/2014</u>
		\$'000	\$'000
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment, and investment properties		10,337	3,615
Purchase of property, plant and equipment, and investment properties		(2,081,208)	(1,713,613)
Interest received		462	553
Dividends received from other investments		1,196	1,459
Proceeds from redemption/disposal of other investments		6,658	7,393
Purchase of investments		(6,732)	(2,025)
Net cash used in investing activities		(2,069,287)	(1,702,618)
FINANCING ACTIVITIES			
Proceeds from loans payable		24,819,874	37,175,689
Repayment of loans payable		(21,276,437)	(31,746,279)
Interest paid		(579,546)	(397,718)
Government grant received	14	840,389	518,031
Dividends paid to non-controlling shareholders		(1,063)	(4,250)
Net cash from financing activities		3,803,217	5,545,473
Net increase/(decrease) in cash and cash equivalents		13,313	(52,075)
Cash and cash equivalents at the beginning of year		74,788	126,863
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	16	88,101	74,788

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

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, and other amenities in the housing estates.

The principal activities of the subsidiaries are detailed in Note 9 to the financial statements.

The balance sheet, income and expenditure statement, statement of comprehensive income 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 2015 were authorised for issue by members of its Board on 25 May 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements of the Group are prepared in accordance with the historical cost basis, except as disclosed in accounting policies below, and are drawn up in accordance with the provisions of the Act and Singapore Statutory Board Financial Reporting Standards (“SB-FRS”) including related interpretations (“INT SB-FRS”) and Guidance Notes.

Interpretations and amendments to published standards effective in 2014

On 1 April 2014, the Group has adopted all the new and revised SB-FRSs, INT SB-FRSs and Guidance Notes that are relevant to its operations. The adoption of these new/revised SB-FRSs, INT SB-FRSs and Guidance Notes did 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.

The following amendments to SB-FRS are relevant to the Group and HDB:

Amendments to SB-FRS 32 Offsetting Financial Assets and Financial Liabilities

The amendments do not change the offsetting model in FRS 32, but clarify that in order to offset financial assets and liabilities, the right of set-off must not be contingent on future events, and must be legally enforceable in the normal course of business. The amendments also clarify that master netting agreements where offset is only legally enforceable when future events occur (e.g. defaults), do not allow offsetting.

New or revised accounting standards and interpretations

At the date of authorisation of these financial statements, the following new/revised SB-FRSs, INT SB-FRS and Amendments to SB-FRS that are relevant to the Group and the HDB were issued but not yet effective:

- Amendments to SB-FRS 16 Property, Plant and Equipment
- Amendments to SB-FRS 24 Related Party Disclosures
- Amendments to SB-FRS 108 Operating Segments

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

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

- Amendments to SB-FRS 40 Investment Property
- Amendments to SB-FRS 113 Fair Value Measurement

Management has considered and is of the view that the adoption of the above SB-FRSs, INT SB-FRSs and Amendments to SB-FRSs 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), and they are consolidated from the date on which control is transferred to the Group. 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 the Group.

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

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holder of the HDB. They are shown separately in the consolidated income and expenditure statement, statement of comprehensive income, statement of changes in capital and reserves and balance sheet.

Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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) *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*

The classification of financial assets depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets are initially recognised at fair value plus transaction costs.

Financial assets are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(c) *Financial Instruments (continued)*

(i) *Financial assets (continued)*

Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows 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 losses. Interest is recognised by applying the effective interest method.

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 10. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income and accumulated 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 other comprehensive income is included in the income and expenditure statement for the period. Dividends on available-for-sale equity instruments are recognised in the income and expenditure statement when the Group's right to receive payments is established.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and an allowance for impairment is recognised when such evidence exists.

(A) *Loans and receivables*

For loans and receivables, the impairment losses are provided based on the Group's assessment of the financial status and past performance of the debtor, availability of collateral, among others.

The carrying amounts of these assets are reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in income and expenditure statement.

The impairment allowance is reduced through the income and expenditure statement in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(B) *Available-for-sale financial assets*

In addition to the objective evidence of impairment described above, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to the income and expenditure statement. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through the income and expenditure statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(c) *Financial Instruments (continued)*

(i) *Financial assets (continued)*

Derecognition of financial assets

The Group derecognises a financial asset when, and 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 recognised at fair value, net of significant transaction costs, and are subsequently measured at amortised cost, using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

The housing development loans, mortgage financing loans and upgrading financing loans are borrowed from the Singapore Government under the Agreements 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 Ministry of Finance will act as a lender of last resort to HDB for its funding requirements. The Ministry of Finance has funded HDB's past deficits. The provision of any loan or funding (including the quantum) are at the absolute discretion of the Minister for Finance and the Government of Singapore, which do not guarantee the direct or indirect payment of any debt obligations of HDB.

These loans payable are initially recognised at fair value, net of transaction costs, 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 [Note 2(n)].

Derecognition of financial liabilities

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

(iii) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Further details can be found in Note 4(b) to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(d) *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 the 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.

(e) *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). The valuation of these properties was taken as the deemed cost of these properties and subsequently carried at deemed cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment acquired or constructed after 1 April 1985 are initially carried at cost and subsequently 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 calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Years</u>
Leasehold land	99 years or the remaining lease period
Buildings	60 years
Leasehold properties	30 years
Plant and machinery	3 to 10 years
Office equipment, furniture, fittings and fixtures	3 to 10 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 development (which are classified as property, plant and equipment) 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(e) *Property, Plant and Equipment (continued)*

Property, plant and equipment costing less than \$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.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the income and expenditure statement when incurred.

(f) *Investment Properties*

Investment properties, comprising commercial complexes, industrial properties and land, are held to earn rentals. Investment properties include assets under development that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently 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(e).

Assets under development are initially recognised at cost and subsequently carried at cost less any impairment losses. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

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

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.

The cost of major improvements is capitalised and the carrying amounts of the replaced components are recognised in the income and expenditure statement. The cost of maintenance, repairs and minor improvements is recognised in the income and expenditure statement when incurred.

(g) *Impairment of Property, Plant and Equipment, Investment Properties, and Investment in Subsidiaries*

At the end of the reporting period, property, plant and equipment, investment properties, and investment in subsidiaries 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 on an individual asset basis. If the asset generates cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

An impairment loss for an asset is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(g) *Impairment of Property, Plant and Equipment, Investment Properties, and Investment in Subsidiaries (continued)*

A reversal of impairment loss for an asset is recognised in the income and expenditure statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in the income and expenditure statement.

(h) *Properties under Development*

Properties under development include properties for sale under development and cost of upgrading sold properties.

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

Properties 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 the income and expenditure statement. The net realisable value is the estimated selling price (net of Additional CPF Housing Grant and Special CPF Housing Grant [Note 2(r)]) in the ordinary course of business. When the development of flats is completed and the flats are transferred to the properties for sale, the corresponding provision is transferred and released when the flat is sold.

(i) *Properties for Sale*

Properties for sale are stated at the lower of cost and net realisable value. Selling price and cost are on specific identification. The net realisable value is the estimated selling price (net of Additional CPF Housing Grant and Special CPF Housing Grant [Note 2(r)]) in the ordinary course of business.

Foreseeable loss for flats developed or acquired is provided for the difference between the cost and net realisable value, and charged to the income and expenditure statement. The provision for foreseeable loss is released on sale of the flat.

(j) *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 in the ordinary course of business.

(k) *Government Grant*

The HDB's deficit is fully covered 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 of the Republic of Singapore.

The government grant is recognised as income when conditions are met. The government grant is received in advance, except for the grant to finance the provision for foreseeable loss on properties under development/for sale and impairment allowance of loans receivable. The amount to finance the foreseeable loss provision and impairment allowance is received when the loss is realised.

The cumulative grants received from the Government since the establishment of the HDB are disclosed in Note 24 to the financial statements.

(l) *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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(l) *Provisions (continued)*

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, 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.

(m) *Revenue Recognition*

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

(i) *Sale Proceeds*

Proceeds (net of Additional CPF Housing Grant and Special CPF Housing Grant [Note 2(r)]) from sale of flats, proceeds from sale of other 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 and deferred payment scheme granted to lessees of upgraded flats. It is accrued on a time proportion basis, with 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(d)(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 a time proportion 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.

All other income are recognised as and when they are earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(n) *Finance 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, bank loans and bonds issued [Note 2(c)(ii)]. Finance 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.

(o) *Defined Contribution Plans: Singapore Central Provident Fund (CPF) Contributions*

Contributions on the Group's employees' salaries are made to the CPF as required by law. The CPF contributions are recognised in the income and expenditure statement in the period when the employees rendered their services entitling them to the contributions. The Group has no further payment obligations once the contributions have been paid.

(p) *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 end of the reporting period.

(q) *Income Tax*

The HDB is exempt from tax under Section 13(1)(e) of the Income Tax Act (Cap. 134, 2008 Revised Edition).

The Group's income tax expense represents the sum of the current income tax and deferred tax of the subsidiaries of the HDB.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable income or expenditure at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(q) *Income Tax (continued)*

- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred tax are recognised as an expense or income in the income and expenditure statement, except when it relates to transactions which are recognised directly in equity.

(r) *CPF Housing Grant*

Under the CPF Housing Grant scheme, grants are disbursed to eligible households for purchase of flats in accordance with the approved housing policy.

The Additional CPF Housing Grant and Special CPF Housing Grant [Note 2(m)(i)] disbursed to eligible households for the purchase of flats from HDB are recognised as trade and other receivables on disbursement, and netted off against the sale proceeds on sale of the flat.

The other CPF Housing Grants are recognised as expenses on disbursement to eligible households and reported as other expenses in the income and expenditure statement.

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 estimation 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 or Reversals of Impairment Losses for Property, Plant and Equipment, and Investment Properties*

At the end of each reporting period, management assesses whether there is any indication that property, plant and equipment and investment properties have suffered an impairment loss or require a reversal of previous impairment losses.

In the assessment of the impairment loss, the Group estimates the fair value less cost to sell of the properties or estimates 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 respectively.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (*continued*)(c) *Foreseeable Losses relating to Properties under Development*

The estimated selling price (net of Additional CPF Housing Grant and Special CPF Housing Grant) [Note 2(m)(i)] of the flat's location, design and the estimated contract cost 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 12 to the financial statements.

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 end of the reporting period:

	<u>Group</u>		<u>HDB</u>	
	<u>31 March 2015</u>	<u>31 March 2014</u>	<u>31 March 2015</u>	<u>31 March 2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<i>Financial Assets</i>				
Loans and receivables (including cash and bank balances) ⁽¹⁾	42,799,315	40,412,098	42,736,520	40,346,865
Available-for-sale securities	<u>31,592</u>	<u>29,974</u>	<u>0</u>	<u>0</u>

⁽¹⁾ Excludes prepayments

	<u>Group</u>		<u>HDB</u>	
	<u>31 March 2015</u>	<u>31 March 2014</u>	<u>31 March 2015</u>	<u>31 March 2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<i>Financial Liabilities (at amortised cost)</i>				
Loans payable	65,978,354	62,347,256	65,989,354	62,358,256
Payables ⁽²⁾ (including amount due to subsidiary)	<u>1,300,759</u>	<u>1,159,165</u>	<u>1,283,116</u>	<u>1,140,547</u>

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

(b) *Financial instruments subject to enforceable contractual netting arrangements*

Financial assets and liabilities subject to offsetting, enforceable contractual netting arrangements and similar agreements

	<u>Group and HDB</u>	
	<u>31 March 2015</u>	<u>31 March 2014</u>
	<u>\$'000</u>	<u>\$'000</u>
<i>Financial Assets</i>		
<i>Trade receivables</i>		
Gross amounts of recognised financial assets	50,411	51,751
<i>Less:</i>		
Gross amounts of recognised liabilities set off in the balance sheets	(43,830)	(49,352)
Net amounts of assets presented in the balance sheets	<u>6,581</u>	<u>2,399</u>

4. FINANCIAL RISKS AND MANAGEMENT (*continued*)(b) *Financial instruments subject to enforceable contractual netting arrangements (continued)*

	<i>Group and HDB</i>	
	<i>31 March 2015</i>	<i>31 March 2014</i>
	<i>\$'000</i>	<i>\$'000</i>
<i>Financial Liabilities</i>		
<i>Trade payables</i>		
Gross amounts of recognised financial liabilities	441,029	314,812
<i>Less:</i>		
Gross amounts of recognised assets set off in the balance sheets	(43,830)	(49,352)
Net amounts of liabilities presented in the balance sheets	397,199	265,460

(c) *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 into account the value of any collateral obtained.

Further details of credit risks on loans receivable and other receivables are disclosed in Notes 8 and 15 to the financial statements respectively.

(ii) *Market risk*(A) *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 mortgage and upgrading financing loans payable with those of the loans receivable. The Group also borrows housing development loans from the Government for its development programmes and operational requirements. The housing development loans are based on a variable interest rate, which is pegged to the prevailing DBS Bank Ltd's board rate for housing loans. There was no movement in the variable interest rate since the borrowing of the housing development loans in 2008/2009. However, if the variable interest rate were to increase/decrease by 0.5% (2013/2014 : 0.5%) at the end of the reporting period with all other variables held constant, the Group's net deficit before government grant and taxation will be higher/lower by \$174 million (2013/2014 : \$19.4 million) respectively.

4. FINANCIAL RISKS AND MANAGEMENT (*continued*)(ii) *Market risk (continued)*(A) *Interest rate risk (continued)*

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, borrowed at fixed interest rates and short-term in nature. Information relating to the Group's interest rate exposure is disclosed in the respective notes to the financial statements.

(B) *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 sheets are denominated in Singapore dollars.

(C) *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 10 to the financial statements.

(iii) *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 Ministry of Finance will act as a lender of last resort to HDB for its funding requirements. The Ministry of Finance has funded HDB's past deficits. The provision of any loan or funding (including the quantum) are at the absolute discretion of the Minister for Finance and the Government of Singapore, which do not guarantee the direct or indirect payment of any debt obligations of HDB.

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 contractually required to pay. The adjustment column represents mainly the interest payments which are not included in the carrying amount of the financial liability on the balance sheets.

	<i>On demand or within 1 year</i>	<i>Within 1 to 5 years</i>	<i>After 5 years</i>	<i>Adjustment</i>	<i>Total</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Group</u>					
<i>31 March 2015</i>					
Loans payable	13,512,178	30,936,610	30,837,508	(9,307,942)	65,978,354
Payables ⁽¹⁾	1,300,759	0	0	0	1,300,759
<i>31 March 2014</i>					
Loans payable	9,766,388	32,698,763	28,835,514	(8,953,409)	62,347,256
Payables ⁽¹⁾	1,159,165	0	0	0	1,159,165

4. FINANCIAL RISKS AND MANAGEMENT (*continued*)(iii) *Liquidity risk (continued)*

	<i>On demand or within 1 year</i>	<i>Within 1 to 5 years</i>	<i>After 5 years</i>	<i>Adjustment</i>	<i>Total</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<u>HDB</u>					
<i>31 March 2015</i>					
Loans payable	13,512,178	30,946,610	30,838,508	(9,307,942)	65,989,354
Payables ⁽¹⁾ (including amount due to subsidiary)	1,283,116	0	0	0	1,283,116
<i>31 March 2014</i>					
Loans payable	9,766,388	32,706,763	28,838,514	(8,953,409)	62,358,256
Payables ⁽¹⁾ (including amount due to subsidiary)	1,140,547	0	0	0	1,140,547

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

(iv) *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 loans receivable, loans payable, and available-for-sale equity securities are disclosed in the respective notes to financial statements.

The fair values of financial assets (such as available-for-sale securities) that are traded in active liquid markets are determined with reference to quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Financial instruments measured at fair value:

	<u>Group</u>	
	<u>Total</u>	<u>Level 1</u>
	<u>\$'000</u>	<u>\$'000</u>
<i>31 March 2015</i>		
Available-for-sale investments	31,592	31,592
<i>31 March 2014</i>		
Available-for-sale investments	29,974	29,974

4. FINANCIAL RISKS AND MANAGEMENT (*continued*)

(v) *Capital risk management policies and objectives*

As a statutory board, the HDB's primary mission is to achieve the 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. The Ministry of Finance will act as a lender of last resort to HDB for its funding requirements. The Ministry of Finance has funded HDB's past deficits. The provision of any loan or funding (including the quantum) are at the absolute discretion of the Minister for Finance and the Government of Singapore, which do not guarantee the direct or indirect payment of any debt obligations of HDB.

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 Constitution of the Republic of Singapore. The HDB's mission and financing 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 \$1,000 equity contribution in 2008/2009 from the Minister for Finance, the body incorporated by the Minister for Finance (Incorporation) Act.

(b) *Capital Account*

The capital account represents:

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

(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. For properties returned to the Government under Article 22B(9) of the Constitution, an amount equivalent to the net book value of the properties is charged to the capital gains reserve.

5. CAPITAL AND RESERVES (*continued*)(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 Properties	Assets under Development	Plant and Machinery	Office Equipment, Furniture and Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost								
At 1 April 2013	104,348	11,544,454	7,867,162	24,698	1,465,569	11,162	54,844	21,072,237
Additions	0	56,843	41,304	0	1,573,111	71	2,961	1,674,290
Disposals/Write-off	0	(69,196)	(2,843)	0	(2,045)	(1,668)	(4,269)	(80,021)
Transfer from investment properties	0	1,791	529	0	0	0	0	2,320
Transfer to properties for sale	(204)	(3,602)	(2,935)	0	0	0	0	(6,741)
Reclassifications	11,916	129,282	450,171	0	(591,968)	0	599	0
At 31 March 2014	116,060	11,659,572	8,353,388	24,698	2,444,667	9,565	54,135	22,662,085
Accumulated depreciation and impairment losses								
At 1 April 2013	0	2,291,460	2,037,007	4,047	295	10,467	45,183	4,388,459
Depreciation	0	121,843	144,382	837	0	179	3,702	270,943
Disposals/Write-off	0	(16,879)	(1,474)	0	0	(1,668)	(4,231)	(24,252)
Transfer from investment properties	0	327	101	0	0	0	0	428
Transfer to properties for sale	0	(677)	(1,064)	0	0	0	0	(1,741)
Reclassifications	0	(327)	0	0	327	0	0	0
Reversal of impairment losses	0	(223)	(98)	0	0	0	0	(321)
At 31 March 2014	0	2,395,524	2,178,854	4,884	622	8,978	44,654	4,633,516
Carrying amount								
At 31 March 2014	116,060	9,264,048	6,174,534	19,814	2,444,045	587	9,481	18,028,569

6. PROPERTY, PLANT AND EQUIPMENT (*continued*)

	Group							
	Freehold Land	Leasehold Land	Buildings	Leasehold Properties	Assets under Development	Plant and Machinery	Office Equipment, Furniture and Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost								
At 1 April 2014	116,060	11,659,572	8,353,388	24,698	2,444,667	9,565	54,135	22,662,085
Additions	0	39,561	28,416	0	1,935,996	0	3,945	2,007,918
Disposals/Write-off	0	(51,768)	(19,569)	0	0	(508)	(5,060)	(76,905)
Transfer from investment properties	0	1,454	1,811	0	0	0	0	3,265
Transfer to properties for sale	(166)	(9,076)	(6,514)	0	0	0	0	(15,756)
Reclassifications	854	353,265	819,304	0	(1,173,423)	0	0	0
At 31 March 2015	116,748	11,993,008	9,176,836	24,698	3,207,240	9,057	53,020	24,580,607
Accumulated depreciation and impairment losses								
At 1 April 2014	0	2,395,524	2,178,854	4,884	622	8,978	44,654	4,633,516
Depreciation	0	127,220	158,448	837	0	161	3,927	290,593
Disposals/Write-off	0	(12,845)	(7,088)	0	0	(508)	(5,057)	(25,498)
Transfer from investment properties	0	203	368	0	0	0	0	571
Transfer to properties for sale	0	(1,973)	(2,780)	0	0	0	0	(4,753)
Reclassifications	0	518	0	0	(518)	0	0	0
Impairment losses	0	512	89	0	0	0	0	601
Reversal of impairment losses	0	(505)	(106)	0	0	0	0	(611)
At 31 March 2015	0	2,508,654	2,327,785	5,721	104	8,631	43,524	4,894,419
Carrying amount								
At 31 March 2015	116,748	9,484,354	6,849,051	18,977	3,207,136	426	9,496	19,686,188

6. PROPERTY, PLANT AND EQUIPMENT (*continued*)

	HDB							
	Freehold Land	Leasehold Land	Buildings	Leasehold Properties	Assets under Development	Plant and Machinery	Office Equipment, Furniture and Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost								
At 1 April 2013	104,348	11,544,454	7,846,597	24,698	1,464,455	10,875	49,611	21,045,038
Additions	0	56,843	39,084	0	1,573,111	71	2,706	1,671,815
Disposals/Write-off	0	(69,196)	(2,843)	0	(2,045)	(1,655)	(3,865)	(79,604)
Transfer from investment properties	0	1,791	529	0	0	0	0	2,320
Transfer to properties for sale	(204)	(3,602)	(2,935)	0	0	0	0	(6,741)
Reclassifications	11,916	129,282	449,057	0	(590,854)	0	599	0
At 31 March 2014	116,060	11,659,572	8,329,489	24,698	2,444,667	9,291	49,051	22,632,828
Accumulated depreciation and impairment losses								
At 1 April 2013	0	2,291,460	2,022,173	4,047	295	10,181	41,722	4,369,878
Depreciation	0	121,843	142,411	837	0	178	3,191	268,460
Disposals/Write-off	0	(16,879)	(1,474)	0	0	(1,655)	(3,864)	(23,872)
Transfer from investment properties	0	327	101	0	0	0	0	428
Transfer to properties for sale	0	(677)	(1,064)	0	0	0	0	(1,741)
Reclassifications	0	(327)	0	0	327	0	0	0
Reversal of impairment losses	0	(223)	(98)	0	0	0	0	(321)
At 31 March 2014	0	2,395,524	2,162,049	4,884	622	8,704	41,049	4,612,832
Carrying amount								
At 31 March 2014	116,060	9,264,048	6,167,440	19,814	2,444,045	587	8,002	18,019,996

6. PROPERTY, PLANT AND EQUIPMENT (*continued*)

	HDB							
	Freehold Land	Leasehold Land	Buildings	Leasehold Properties	Assets under Development	Plant and Machinery	Office Equipment, Furniture and Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost								
At 1 April 2014	116,060	11,659,572	8,329,489	24,698	2,444,667	9,291	49,051	22,632,828
Additions	0	39,561	28,416	0	1,935,996	0	3,693	2,007,666
Disposals/Write-off	0	(51,768)	(17,372)	0	0	(423)	(4,876)	(74,439)
Transfer from investment properties	0	1,454	1,811	0	0	0	0	3,265
Transfer to properties for sale	(166)	(9,076)	(6,514)	0	0	0	0	(15,756)
Reclassifications	854	353,265	819,304	0	(1,173,423)	0	0	0
At 31 March 2015	116,748	11,993,008	9,155,134	24,698	3,207,240	8,868	47,868	24,553,564
Accumulated depreciation and impairment losses								
At 1 April 2014	0	2,395,524	2,162,049	4,884	622	8,704	41,049	4,612,832
Depreciation	0	127,220	156,609	837	0	161	3,466	288,293
Disposals/Write-off	0	(12,845)	(4,891)	0	0	(423)	(4,875)	(23,034)
Transfer from investment properties	0	203	368	0	0	0	0	571
Transfer to properties for sale	0	(1,973)	(2,780)	0	0	0	0	(4,753)
Reclassifications	0	518	0	0	(518)	0	0	0
Impairment losses	0	512	89	0	0	0	0	601
Reversal of impairment losses	0	(505)	(106)	0	0	0	0	(611)
At 31 March 2015	0	2,508,654	2,311,338	5,721	104	8,442	39,640	4,873,899
Carrying amount								
At 31 March 2015	116,748	9,484,354	6,843,796	18,977	3,207,136	426	8,228	19,679,665

6. PROPERTY, PLANT AND EQUIPMENT (*continued*)

Land and buildings include markets and hawker centres which are managed by the National Environment Agency ("NEA"). Under the agreement to manage and maintain the markets and hawker centres, the NEA shall retain the rental collected, bear the operating expenses and reimburse HDB for the holding costs of these properties. The reimbursement is recorded in "Recoveries" (Note 20). The net book value of these markets and hawker centres was \$417 million (2013/2014: \$396 million).

The impairment losses and reversal of impairment losses in respect of certain commercial properties are recognised based on the estimated recoverable values, taking into account the recent tenders and market comparables for these properties.

7. INVESTMENT PROPERTIES

	<i>Group</i> \$'000	<i>HDB</i> \$'000
<i>Cost</i>		
At 1 April 2013	6,737,983	6,718,856
Additions	39,323	39,323
Transfer to property, plant and equipment	(2,320)	(2,320)
At 31 March 2014	6,774,986	6,755,859
<i>Accumulated depreciation and impairment losses</i>		
At 1 April 2013	1,892,751	1,889,374
Depreciation	83,811	83,556
Transfer to property, plant and equipment	(428)	(428)
Reversal of impairment losses	(124,553)	(124,553)
At 31 March 2014	1,851,581	1,847,949
<i>Carrying amount</i>		
At 31 March 2014	4,923,405	4,907,910
<i>Fair value</i>		
At 31 March 2014	16,729,355	16,698,125
<i>Cost</i>		
At 1 April 2014	6,774,986	6,755,859
Additions	69,398	69,398
Transfer to property, plant and equipment	(3,265)	(3,265)
At 31 March 2015	6,841,119	6,821,992
<i>Accumulated depreciation and impairment losses</i>		
At 1 April 2014	1,851,581	1,847,949
Depreciation	85,817	85,562
Transfer to property, plant and equipment	(571)	(571)
Reversal of impairment losses	(14,688)	(14,688)
At 31 March 2015	1,922,139	1,918,252
<i>Carrying amount</i>		
At 31 March 2015	4,918,980	4,903,740
<i>Fair value</i>		
At 31 March 2015	18,096,891	18,066,361

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(g) to the financial statements based on the properties' highest and best use.

The fair value of the Group's investment properties, classified as Level 3 fair value, has been generally derived using the comparable sales method. In arriving at its fair value, the selling price of shops and office in the vicinity are considered. Adjustments have been made to reflect the differences in size, location, condition, tenure, prevailing market conditions including improvements in market rentals and other relevant factors affecting its fair value.

In the absence of available market information on comparable sales, fair value of the Group's investment properties are derived based on the income method. In arriving at its fair value, the contractual or market rents are considered with the application of an appropriate discount rate to obtain the present value of future cash flows.

The property rental income from the Group's investment properties all of which are leased out under operating leases, amounted to \$663 million (2013/2014: \$611 million). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to \$326 million (2013/2014: \$300 million).

The reversal of impairment losses are recognised to reflect the estimated recoverable amount based on the prevailing market conditions.

8. LOANS RECEIVABLE

	<u>Group</u>		<u>HDB</u>	
	<u>31 March 2015</u>	<u>31 March 2014</u>	<u>31 March 2015</u>	<u>31 March 2014</u>
	\$'000	\$'000	\$'000	\$'000
<i>Loans receivable</i>				
Mortgage loans for flats	37,365,990	36,612,303	37,365,990	36,612,303
Late payment charges for mortgage loans	28,517	29,611	28,517	29,611
Staff loans	30	62	0	0
	37,394,537	36,641,976	37,394,507	36,641,914
<i>Deferred receivable</i>				
Upgrading costs due from lessees	85,987	95,064	85,987	95,064
	37,480,524	36,737,040	37,480,494	36,736,978
<i>Less:</i>				
Allowance for impairment losses	(55,635)	(71,754)	(55,635)	(71,754)
Balance as at 31 March	<u>37,424,889</u>	<u>36,665,286</u>	<u>37,424,859</u>	<u>36,665,224</u>
 Represented by amount receivable:				
Within 1 year	2,416,480	2,383,038	2,416,460	2,382,976
Later than 1 year but not more than 2 years	2,142,414	2,102,094	2,142,405	2,102,094
Later than 2 years but not more than 5 years	6,387,021	6,292,013	6,387,020	6,292,013
Later than 5 years	26,478,974	25,888,141	26,478,974	25,888,141
	35,008,409	34,282,248	35,008,399	34,282,248
	<u>37,424,889</u>	<u>36,665,286</u>	<u>37,424,859</u>	<u>36,665,224</u>

8. LOANS RECEIVABLE (*continued*)

The mortgage loans are granted to the buyers of flats under the public housing schemes (Note 17) with the flats held as collateral. The carrying amounts of loans receivable approximate their fair values.

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

The movements in allowance for impairment losses on loans receivable for the Group are as follows:

	<u>Group and HDB</u>	
	<u>31 March 2015</u>	<u>31 March 2014</u>
	\$'000	\$'000
Balance as at 1 April	71,754	79,856
Allowance for impairment losses	(218)	(1,007)
Bad debts written off against allowance	(15,901)	(7,095)
Balance as at 31 March	<u>55,635</u>	<u>71,754</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 3.38% (2013/2014: 2.60% to 3.38%)	Up to 30 years
Loans granted to staff	4.25% (2013/2014: 4.25%)	Up to 7 years
Upgrading costs due from flat lessees	2.60% to 3.38% (2013/2014: 2.60% to 3.38%)	Up to 25 years
Upgrading costs due from shop lessees	5.00% to 6.75% (2013/2014: 5.00% to 6.75%)	Up to 5 years

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 \$6,095 million (2013/2014: \$6,178 million). No allowance for impairment losses has been made on these loans receivable, as the market value of the collateral is higher than the loans receivable. The average age of these loans receivable is 6.4 months (2013/2014: 6.7 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 \$56 million (2013/2014: \$72 million) representing 0.15% (2013/2014: 0.20%) of the total loans receivable had been made. Management is of the opinion that adequate impairment losses have been made.

9. INVESTMENT IN SUBSIDIARIES

Subsidiary	<u>HDB</u>	
	<u>31 March 2015</u>	<u>31 March 2014</u>
	\$'000	\$'000
E M Services Pte Ltd ^(a) (unquoted equity shares at cost)	1,500	1,500

	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Percentage of equity held</u>	
			<u>31 March 2015</u>	<u>31 March 2014</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)	Real estate agency	Singapore	100	100

^(a) Audited by PricewaterhouseCoopers LLP.

10. AVAILABLE-FOR-SALE INVESTMENTS

	<u>Group</u>	
	<u>31 March 2015</u>	<u>31 March 2014</u>
	\$'000	\$'000
<i>Non-current investments:</i>		
Available-for-sale equity securities (quoted), at fair value	17,240	15,656
Available-for-sale debt securities (quoted), at fair value	14,352	14,318
	31,592	29,974

10. AVAILABLE-FOR-SALE INVESTMENTS (*continued*)

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

The investments in quoted debt securities have effective interest rates ranging from 1.1% to 6.0% per annum (2013/2014: 1.1% to 6.0%).

11. INCOME TAX

(a) *Income tax expense*

	<i>Group</i>	
	<i>31 March 2015</i>	<i>31 March 2014</i>
	<i>\$'000</i>	<i>\$'000</i>
Tax expense attributable to profit is made up of:		
— Current income tax	81	65
— Deferred income tax	1,416	1,561
	<u>1,497</u>	<u>1,626</u>
(Over)/under provision in prior financial years		
— Current income tax	(98)	(797)
— Deferred income tax	1,544	0
	<u>2,943</u>	<u>829</u>
<i>Reconciliation of effective tax rate:</i>		
Net surplus before taxation	161,326	141,026
<i>Less:</i>		
Net surplus of HDB excluding intra-group transactions	<u>(150,132)</u>	<u>(132,667)</u>
Net surplus subject to taxation	<u>11,194</u>	<u>8,359</u>
Tax at statutory rate of 17% (2013/2014: 17%)	1,903	1,421
Expenses not deductible for tax purpose	531	579
Income not subject to tax	(606)	0
Statutory stepped income exemption	(50)	(45)
Tax concession and rebates	(288)	(322)
Overprovision of current income tax in prior years	(98)	(797)
Under provision of deferred tax in prior years due to:		
— Capital allowances	1,006	0
— Tax losses	538	0
Others	7	(7)
	<u>2,943</u>	<u>829</u>

11. INCOME TAX (*continued*)(b) *Movements in provision for income tax*

	<u>Group</u>	
	<u>31 March 2015</u>	<u>31 March 2014</u>
	\$'000	\$'000
Balance as at 1 April	64	4,208
Charge for the year	81	65
Income tax refund/(paid)	34	(3,412)
Overprovision in respect of prior years	(98)	(797)
Balance as at 31 March	<u>81</u>	<u>64</u>

(c) *Deferred tax assets/(liabilities)*

The following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	<u>Deferred tax liabilities</u>	<u>Deferred tax assets</u>		<u>Deferred tax assets/(liabilities)</u>
	<u>Capital allowances</u>	<u>Accrued operating expenses</u>	<u>Tax losses</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
<u>Group</u>				
At 1 April 2013	(208)	2,836	0	2,628
Credited/(charged) to profit or loss	232	(2,472)	679	(1,561)
At 31 March 2014	<u>24</u>	<u>364</u>	<u>679</u>	<u>1,067</u>
Credited/(charged) to profit or loss	(2,291)	2	(671)	(2,960)
At 31 March 2015	<u>(2,267)</u>	<u>366</u>	<u>8</u>	<u>(1,893)</u>

12. PROPERTIES UNDER DEVELOPMENT

	<u>Group and HDB</u>	
	<u>31 March 2015</u>	<u>31 March 2014</u>
	\$'000	\$'000
Land	15,973,901	15,145,114
Buildings	4,875,418	4,445,209
Upgrading works	88,275	121,743
	<u>20,937,594</u>	<u>19,712,066</u>
<i>Less:</i>		
Provision for foreseeable loss [Note 2(h)]	<u>(4,776,693)</u>	<u>(3,285,840)</u>
Balance as at 31 March	<u>16,160,901</u>	<u>16,426,226</u>

13. PROPERTIES FOR SALE

	<i>Group and HDB</i>	
	<i>31 March 2015</i>	<i>31 March 2014</i>
	<i>\$'000</i>	<i>\$'000</i>
Cost of properties	2,212,871	1,695,087
<i>Less:</i>		
Provision for foreseeable loss [Note 2(i)]	(94,622)	(89,490)
Balance as at 31 March	<u>2,118,249</u>	<u>1,605,597</u>

14. GOVERNMENT GRANT RECEIVABLE

	<i>Group and HDB</i>	
	<i>31 March 2015</i>	<i>31 March 2014</i>
	<i>\$'000</i>	<i>\$'000</i>
Balance as at 1 April	2,611,914	1,011,071
<i>Less:</i>		
Amount received	(840,389)	(518,031)
	1,771,525	493,040
Government grant for the current year	2,171,623	2,118,874
Balance as at 31 March	<u>3,943,148</u>	<u>2,611,914</u>

The government grant for the current year covers the deficit to be financed by the Government under the existing financing arrangement [Note 2(k)].

15. TRADE AND OTHER RECEIVABLES

	<i>Group</i>		<i>HDB</i>	
	<i>31 March 2015</i>	<i>31 March 2014</i>	<i>31 March 2015</i>	<i>31 March 2014</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Trade receivables	1,303,385	1,016,500	1,292,877	1,003,290
<i>Less:</i>				
Allowance for impairment losses	(11,500)	(11,100)	(11,500)	(11,100)
	1,291,885	1,005,400	1,281,377	992,190
Other receivables	33,663	36,778	31,923	34,173
<i>Less:</i>				
Allowance for impairment losses	(24)	(24)	(24)	(24)
	33,639	36,754	31,899	34,149
Prepayments	28,102	20,459	14,543	14,061
Deposits	733	666	542	417
Balance as at 31 March	<u>1,354,359</u>	<u>1,063,279</u>	<u>1,328,361</u>	<u>1,040,817</u>

Included in the Group's trade receivables balance is the Additional CPF Housing Grant and Special CPF Housing Grant of \$753 million (2013/2014: \$672 million) that had been disbursed to eligible households for the purchase of flats from HDB. The Additional/Special CPF Housing Grant disbursed in the current year amounted to \$344 million (2013/2014: \$246 million). The amount disbursed will be netted off against the sale proceeds on sale of the flat [Notes 2(m)(i) & 2(r)].

15. TRADE AND OTHER RECEIVABLES (*continued*)

Also included in the Group's trade receivables balance are debtors with a carrying amount of \$31 million (2013/2014: \$29 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 5.2 months (2013/2014: 5.1 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 large and unrelated customer base. 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 losses on trade and other receivables for the Group and HDB are as follows:

	<u>Group</u>		<u>HDB</u>	
	<u>31 March 2015</u>	<u>31 March 2014</u>	<u>31 March 2015</u>	<u>31 March 2014</u>
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 April	11,124	11,643	11,124	10,642
Allowance for impairment losses	5,817	5,000	5,817	5,000
Bad debts written off against allowance	(5,417)	(5,519)	(5,417)	(4,518)
Balance as at 31 March	<u>11,524</u>	<u>11,124</u>	<u>11,524</u>	<u>11,124</u>

16. CASH AND BANK BALANCES

	<u>Group</u>		<u>HDB</u>	
	<u>31 March 2015</u>	<u>31 March 2014</u>	<u>31 March 2015</u>	<u>31 March 2014</u>
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	68,384	55,206	53,388	40,401
Fixed deposits	36,637	36,872	1,307	2,570
Balance as at 31 March	105,021	92,078	54,695	42,971
<i>Less:</i>				
Funds held in trust	(16,920)	(17,290)	(16,036)	(16,243)
Cash and cash equivalents as at 31 March	<u>88,101</u>	<u>74,788</u>	<u>38,659</u>	<u>26,728</u>

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

Cash and bank balances comprise cash and short-term bank deposits held by the Group, which includes bank balances held by Accountant-General's Department ("AGD") under the Government's Centralised Liquidity Management Framework for Statutory Boards. The carrying amounts of these assets approximate their fair values.

Fixed deposits, excluding those held in trust at the financial year end, bear average effective interest of 0.68% (2013/2014: 0.26%) per annum and for a tenure from 1 to 3 months (2013/2014: 1 to 3 months).

17. LOANS PAYABLE

	<u>Group</u>		<u>HDB</u>	
	<u>31 March 2015</u>	<u>31 March 2014</u>	<u>31 March 2015</u>	<u>31 March 2014</u>
	\$'000	\$'000	\$'000	\$'000
<i>Government loans</i>				
Housing development loans	3,480,722	3,884,846	3,480,722	3,884,846
Mortgage financing loans	37,365,993	36,607,650	37,365,993	36,607,650
Upgrading financing loans	55,796	65,510	55,796	65,510
	40,902,511	40,558,006	40,902,511	40,558,006
<i>Bonds</i>				
Principal	20,524,000	18,649,000	20,535,000	18,660,000
Unamortised transaction cost	(48,889)	(56,433)	(48,889)	(56,433)
	20,475,111	18,592,567	20,486,111	18,603,567
<i>Bank loans (unsecured)</i>	4,384,000	3,055,000	4,384,000	3,055,000
	65,761,622	62,205,573	65,772,622	62,216,573
Interest payable	216,732	141,683	216,732	141,683
Balance as at 31 March	65,978,354	62,347,256	65,989,354	62,358,256
Represented by amount payable:				
Within 1 year	12,005,930	8,298,693	12,005,930	8,298,693
Later than 1 year but not more than 2 years	7,072,259	7,268,171	7,074,259	7,268,171
Later than 2 years but not more than 5 years	19,606,567	21,206,780	19,614,567	21,214,780
Later than 5 years	27,293,598	25,573,612	27,294,598	25,576,612
	53,972,424	54,048,563	53,983,424	54,059,563
	65,978,354	62,347,256	65,989,354	62,358,256
Fair value of bonds	20,569,889	18,483,668	20,580,886	18,494,565

Under the Agreements 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 interest rates that are in accordance with prevailing mortgage financing policy and upgrading programmes of the Government.

The fair value of financial instruments is based on quoted market prices at the end of the reporting period. The indicative ask price is used for the bonds issued by the Group, which is classified as Level 2 fair value.

The carrying amounts of government loans and bank loans approximate their fair values.

The loans and bonds are denominated in Singapore dollars.

17. LOANS PAYABLE (*continued*)

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% (2013/2014: 4.50%)	10 years, 20 years
Mortgage financing loans	2.50% to 3.28% (2013/2014: 2.50% to 3.28%)	Up to 30 years
Upgrading financing loans	2.50% (2013/2014: 2.50%)	10 years
Bank loans (unsecured)	0.82% to 1.38% (2013/2014: 0.67% to 2.30%)	Within 1 year

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

<u>Series number</u>	<u>Principal</u> \$M	<u>Coupon rate (%)</u> (per annum)	<u>Effective interest rate (%)</u> (per annum)	<u>Tenure</u>	<u>Maturity</u>
010	500	3.375	3.375	10 years	21 April 2015
012	100	3.200	3.200	10 years	12 October 2015
014	100	3.730	3.730	10 years	7 March 2016
016	100	3.995	3.995	10 years	14 July 2016
018	250	3.622	3.622	10 years	18 October 2016
020	250	3.550	3.550	10 years	14 February 2017
022	150	3.350	3.350	12 years	11 June 2019
024	300	3.630	3.630	15 years	27 February 2023
026	300	3.950	3.950	10 years	15 July 2018
032	465	2.000	2.023	7 years	3 November 2017
033	320	2.023	2.044	5 years	22 February 2016
034	500	3.140	3.162	10 years	18 March 2021
035	350	1.685	1.716	5 years	8 June 2016
037	600	2.815	2.871	10 years	26 July 2021
038	625	1.010	1.051	5 years	19 September 2016
039	650	1.950	1.983	10 years	22 September 2021
040	600	1.830	1.851	7 years	21 November 2018
041	385	1.105	1.136	5 years	16 February 2017
042	360	1.165	1.186	5 years	24 April 2017
043	800	2.185	2.207	10 years	25 April 2022
044	500	1.520	1.573	7 years	18 June 2019
045	585	2.505	2.558	12 years	27 June 2024
046	450	1.110	1.203	5 years	30 August 2017
047	500	2.088	2.155	10 years	30 August 2022

17. LOANS PAYABLE (*continued*)

<u>Series number</u>	<u>Principal \$M</u>	<u>Coupon rate (%) (per annum)</u>	<u>Effective interest rate (%) (per annum)</u>	<u>Tenure</u>	<u>Maturity</u>
048	600	0.760	0.811	3 years	2 November 2015
049	1,200	1.230	1.3129	5 years	30 January 2018
051	1,000	0.943	1.045	3 years	21 March 2016
053	500	1.368	1.389	5 years	29 May 2018
054	520	1.165	1.201	3 years	26 July 2016
055	1,450	2.365	2.580	5 years	19 September 2018
056	1,500	1.875	2.137	4 years	13 November 2017
057	600	3.948	4.015	15 years	29 January 2029
058	750	3.008	3.053	7 years	26 March 2021
059	675	2.223	2.255	5 years	28 May 2019
060	900	3.100	3.144	10 years	24 July 2024
061	500	2.288	2.309	5 years	19 September 2019
062	600	3.220	3.223	12 years	1 December 2026

18. TRADE AND OTHER PAYABLES

	<u>Group</u>		<u>HDB</u>	
	<u>31 March 2015</u>	<u>31 March 2014</u>	<u>31 March 2015</u>	<u>31 March 2014</u>
	\$'000	\$'000	\$'000	\$'000
Trade payables	1,166,554	1,029,511	1,148,535	1,010,714
Downpayment deposits and advances	1,822,784	1,742,664	1,822,784	1,742,664
Other deposits	134,205	129,654	134,205	129,654
Deferred income (Note 19)	139,967	124,948	139,967	124,948
Provisions	20,054	20,034	20,054	20,034
	<u>3,283,564</u>	<u>3,046,811</u>	<u>3,265,545</u>	<u>3,028,014</u>

Provision was mainly made for restoration works for a former quarry site, pending firm development plan of the agency taking over the site.

The movements in provisions for the Group and HDB are:

	<u>Group and HDB</u>	
	<u>31 March 2015</u>	<u>31 March 2014</u>
	\$'000	\$'000
Balance as at 1 April	20,034	20,010
Provisions for the year	20	24
Balance as at 31 March	<u>20,054</u>	<u>20,034</u>

19. DEFERRED INCOME

	<i>Group and HDB</i>	
	<i>31 March 2015</i>	<i>31 March 2014</i>
	\$'000	\$'000
Within 1 year (Note 18)	139,967	124,948
After 1 year but within 5 years	271,681	226,577
After 5 years	1,028,098	775,581
	1,299,779	1,002,158
	1,439,746	1,127,106

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

20. INCOME

	<i>Group</i>		<i>HDB</i>	
	<i>2014/2015</i>	<i>2013/2014</i>	<i>2014/2015</i>	<i>2013/2014</i>
	\$'000	\$'000	\$'000	\$'000
Interest income	990,413	996,729	990,264	996,565
Rental and related income	1,166,272	1,118,698	1,153,624	1,105,089
Car park income	594,777	593,514	595,247	594,029
Recoveries for upgrading and others	95,417	96,268	95,417	96,268
Levy on resale flats and sales premium	69,047	47,972	69,047	47,972
Agency and consultancy fees	110,981	103,968	31,450	25,738
(Loss)/gain on disposal of assets	(5,468)	2,295	(5,466)	2,320
Investment income	4,599	1,486	3,187	12,750
Fees and other income	110,362	102,036	108,578	100,804
	3,136,400	3,062,966	3,041,348	2,981,535

Investment income includes:

	<i>Group</i>		<i>HDB</i>	
	<i>2014/2015</i>	<i>2013/2014</i>	<i>2014/2015</i>	<i>2013/2014</i>
	\$'000	\$'000	\$'000	\$'000
Gain on disposal of investments	3,403	27	0	0
Dividend from:				
— Unquoted subsidiary	0	0	3,187	12,750
— Others	1,196	1,459	0	0

21. FINANCE EXPENSES

	<u>Group</u>		<u>HDB</u>	
	<u>2014/2015</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2013/2014</u>
	\$'000	\$'000	\$'000	\$'000
Interest expense:				
— Government loans	1,115,478	1,025,723	1,115,478	1,025,723
— Bank loans	21,439	51,918	21,439	51,918
— Bonds	424,468	317,441	424,648	317,586
	1,561,385	1,395,082	1,561,565	1,395,227
Less:				
Interest capitalised in assets and properties under development (Notes 6, 7 and 12)	(347,954)	(234,557)	(347,954)	(234,557)
Bond transaction cost amortisation	12,612	8,036	12,612	8,036
	<u>1,226,043</u>	<u>1,168,561</u>	<u>1,226,223</u>	<u>1,168,706</u>

During the financial year, interest capitalised as properties and assets under development amounted to \$348 million (2013/2014: \$235 million) at an average capitalisation rate of 2.35% (2013/2014: 2.03%).

22. EXPENSES BY NATURE

Expenses include the following:

	<u>Group</u>		<u>HDB</u>	
	<u>2014/2015</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2013/2014</u>
	\$'000	\$'000	\$'000	\$'000
Cost of sales before net increase in provision for foreseeable loss	6,680,845	3,887,229	6,680,845	3,887,229
Provision for foreseeable loss for properties under development/for sale	1,917,793	1,941,626	1,917,793	1,941,626
Release of foreseeable loss provided in previous years, upon sale	(421,808)	(324,841)	(421,808)	(324,841)
Net increase in provision for foreseeable loss	1,495,985	1,616,785	1,495,985	1,616,785
Upgrading	586,998	585,088	589,411	587,907
Improvements and demolition	193,708	148,608	193,708	148,608
Depreciation	376,410	354,754	373,855	352,016
Property tax	141,577	139,665	141,470	139,570
Impairment losses on property, plant and equipment	113	0	113	0

22. EXPENSES BY NATURE (*continued*)

	<u>Group</u>		<u>HDB</u>	
	<u>2014/2015</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2013/2014</u>
	\$'000	\$'000	\$'000	\$'000
Reversal of impairment losses on property, plant and equipment and investment properties	(15,177)	(124,868)	(15,177)	(124,868)
Allowance for impairment losses on loans receivable and debtors	5,599	3,993	5,599	3,993
Bad debts written off	102	94	102	94
Operating lease expenses	19,341	27,827	13,338	21,722
Manpower costs (Note 23)	633,297	579,301	569,309	519,191
Manpower costs and overheads capitalised in:				
— properties and assets under development	(31,963)	(28,475)	(31,963)	(28,475)
— inventories of building materials	(1,344)	(797)	(1,344)	(797)
CPF Housing Grant [Note 2(r)]	137,132	135,928	137,132	135,928

23. MANPOWER COSTS

	<u>Group</u>		<u>HDB</u>	
	<u>2014/2015</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2013/2014</u>
	\$'000	\$'000	\$'000	\$'000
Salaries and bonuses	549,570	502,136	493,622	449,458
Contribution to CPF	61,724	57,029	54,879	50,614
Staff benefits	10,625	10,168	9,910	9,513
Training/development costs and others	11,378	9,968	10,898	9,606
	633,297	579,301	569,309	519,191

24. GOVERNMENT GRANT

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

	<u>HDB</u>	
	<u>2014/2015</u>	<u>2013/2014</u>
	\$'000	\$'000
Total grant as at 1 April	24,493,643	22,374,769
Grant for the financial year (Note 14)	2,171,623	2,118,874
Total grant as at 31 March	26,665,266	24,493,643

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

Some of HDB's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

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

	<i>Group and HDB</i>	
	<i>2014/2015</i>	<i>2013/2014</i>
	\$'000	\$'000
(i) <i>HDB's transactions with:</i>		
<i>Subsidiaries</i>		
Property management	(2,500)	(4,549)
Mechanical and electrical services	(5,229)	(8,154)
Rental income	1,819	3,279
<i>Singapore Land Authority, as an agent for Ministry of Law</i>		
Purchase of land	(4,695,809)	(6,632,713)
Proceeds from return of land, flats and other properties to Government	24,248	52,933
Agency fee and other income	16,310	15,137
Temporary occupation licence fees	(6,747)	(4,755)
<i>MND</i>		
Agency fee and other income	23,297	14,999
<i>National Environment Agency</i>		
Recoveries	15,769	13,622
<i>People's Association</i>		
Rental income and others	2,472	1,098
<i>CPF Board</i>		
Agency fee	(847)	0
<i>Council for Estate Agencies</i>		
Consultancy and support services fees	667	794
<i>MHA</i>		
Agency fee	(606)	0
<i>Maritime and Port Authority of Singapore</i>		
Agency fee income	588	2,179

25. SIGNIFICANT RELATED PARTY TRANSACTIONS (*continued*)

	<u>Group and HDB</u>	
	<u>2014/2015</u>	<u>2013/2014</u>
	<u>\$'000</u>	<u>\$'000</u>
<i>Other Ministries and Statutory Boards</i>		
Rental income and others	3,865	2,159
<i>Town Councils</i>		
Operating fee for car park maintenance expenses and others	(78,859)	(71,369)
(ii) <i>Subsidiaries' transactions with:</i>		
<i>Ministries, Town Councils and Statutory Boards</i>		
Estate management agency fee income	78,175	73,429
<i>Amounts due to related parties as at 31 March</i>	32,710	34,164
<i>Amounts due from related parties as at 31 March</i>	<u>171,974</u>	<u>101,907</u>

The outstanding amounts are unsecured. There are no guarantees provided or received in respect of the related party balances. For 2014/2015, the Group had not made any allowance for impairment relating to amounts owed by related parties (2013/2014: \$Nil).

(iii) *Board Member and Key Management Personnel Remuneration*

The remuneration of Board Members/Directors and key management personnel during the year were as follows:

	<u>Group</u>		<u>HDB</u>	
	<u>2014/2015</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2013/2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Board Members' and Directors' fees	304	304	201	201
Salaries and other short-term employee benefits	8,510	7,454	7,892	6,951
Contribution to CPF	244	210	224	199
	<u>9,058</u>	<u>7,968</u>	<u>8,317</u>	<u>7,351</u>

26. 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 accounting policy of the reporting segments are the same as the Group's accounting policy as disclosed in Note 2.

The Group's main operating decision makers are Board Members/Directors and key management personnel of the Group. The operating segments are determined based on the reports reviewed by the Group's main operating decision makers.

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.

26. SEGMENTAL INFORMATION (*continued*)*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.

Mortgage Financing Segment

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

Other Rental and Related Businesses Segment

The Other Rental and Related Businesses segment focuses on the tenancy and management of commercial and industrial properties, and land owned by the HDB.

Agency and Others Segment

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

26. SEGMENTAL INFORMATION (*continued*)

2013/2014	Housing							Other Activities				
	Home Ownership	Upgrading	Residential Ancillary Functions	Rental Flats	Mortgage Financing	Eliminations	Total Housing	Other Rental and Related Businesses	Agency and Others	Eliminations	Total Other Activities	Group
	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M
Sale proceeds	3,534	0	431	0	0	0	3,965	0	0	0	0	3,965
Less: Additional/Special CPF Housing Grant [Notes 2(m)(i) & 2(r)]	(162)	0	0	0	0	0	(162)	0	0	0	0	(162)
Net sale proceeds	3,372	0	431	0	0	0	3,803	0	0	0	0	3,803
Cost of sales before net increase in provision for foreseeable loss	(3,490)	0	(379)	0	0	(18)	(3,887)	0	0	0	0	(3,887)
Gross (loss)/profit on sales	(118)	0	52	0	0	(18)	(84)	0	0	0	0	(84)
Net increase in provision for foreseeable loss	(1,617)	0	0	0	0	0	(1,617)	0	0	0	0	(1,617)
Gross (loss)/profit after net increase in provision for foreseeable loss	(1,735)	0	52	0	0	(18)	(1,701)	0	0	0	0	(1,701)
External income:												
Interest income	0	3	0	0	994	0	997	0	0	0	0	997
Other income	97	83	599	55	3	0	837	1,104	125	0	1,229	2,066
Inter-segment	0	0	(21)	0	0	21	0	12	26	(38)	0	0
Total income	97	86	578	55	997	21	1,834	1,116	151	(38)	1,229	3,063
Net deficit before government grant and taxation	(1,927)	(568)	(157)	(50)	(30)	17	(2,715)	745	22	(30)	737	(1,978)
Government grant												2,119
Net surplus before taxation and transfer to reserves												141
Taxation												(1)
Net surplus for the year before transfer to reserves												140

26. SEGMENTAL INFORMATION (*continued*)

2013/2014	<i>Housing</i>							<i>Other Activities</i>				
	<i>Home Ownership</i>	<i>Upgrading</i>	<i>Residential Ancillary Functions</i>	<i>Rental Flats</i>	<i>Mortgage Financing</i>	<i>Eliminations</i>	<i>Total Housing</i>	<i>Other Rental and Related Businesses</i>	<i>Agency and Others</i>	<i>Eliminations</i>	<i>Total Other Activities</i>	<i>Group</i>
	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M
<i>Segment expenses include:</i>												
Finance expenses	(29)	(2)	(96)	(4)	(959)	0	(1,090)	(73)	(6)	0	(79)	(1,169)
CPF Housing Grant [Note 2(r)]	(136)	0	0	0	0	0	(136)	0	0	0	0	(136)
Upgrading	0	(580)	0	(3)	0	(3)	(586)	(4)	0	0	(4)	(590)
Improvements and demolition	0	(1)	(100)	1	0	(3)	(103)	(44)	(1)	0	(45)	(148)
Depreciation	(11)	0	(148)	(48)	0	0	(207)	(136)	(9)	0	(145)	(352)
Reversal of impairment losses on property, plant and equipment and investment properties	0	0	0	0	0	0	0	124	0	0	124	124
Allowance for impairment losses on loans receivable and debtors	0	0	0	(5)	1	0	(4)	0	0	0	0	(4)
<i>Assets and liabilities</i>												
Segment assets	20,141	269	9,614	3,379	36,609	0	70,012	7,954	857	0	8,811	78,823
Government grant receivable												2,612
Unallocated assets												56
<i>Total assets</i>												81,491
Segment liabilities	16,525	333	6,102	702	36,637	0	60,299	5,527	455	0	5,982	66,281
Unallocated liabilities												115
<i>Total liabilities</i>												66,396
<i>Capital additions</i>	492	0	476	500	0	0	1,468	242	4	0	246	1,714

26. SEGMENTAL INFORMATION (*continued*)

2014/2015	<i>Housing</i>							<i>Other Activities</i>				
	<i>Home</i>		<i>Residential</i>	<i>Rental</i>	<i>Mortgage</i>		<i>Total</i>	<i>Other Rental</i>	<i>Agency</i>		<i>Total</i>	
	<i>Ownership</i>	<i>Upgrading</i>	<i>Ancillary</i>	<i>Flats</i>	<i>Financing</i>	<i>Eliminations</i>	<i>Housing</i>	<i>and Related</i>	<i>and</i>	<i>Eliminations</i>	<i>Other</i>	<i>Group</i>
	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M
Sale proceeds	6,582	0	345	0	0	0	6,927	41	0	0	41	6,968
Less: Additional/Special CPF Housing Grant [Notes 2(m)(i) & 2(r)]	(263)	0	0	0	0	0	(263)	0	0	0	0	(263)
Net sale proceeds	6,319	0	345	0	0	0	6,664	41	0	0	41	6,705
Cost of sales before net increase in provision for foreseeable loss	(6,379)	0	(279)	0	0	(23)	(6,681)	0	0	0	0	(6,681)
Gross (loss)/profit on sales	(60)	0	66	0	0	(23)	(17)	41	0	0	41	24
Net increase in provision for foreseeable loss	(1,496)	0	0	0	0	0	(1,496)	0	0	0	0	(1,496)
Gross (loss)/profit after net increase in provision for foreseeable loss	(1,556)	0	66	0	0	(23)	(1,513)	41	0	0	41	(1,472)
External income:												
Interest income	0	3	0	0	987	0	990	0	0	0	0	990
Other income	134	77	590	58	4	0	863	1,148	135	0	1,283	2,146
Inter-segment	0	0	(27)	0	0	27	0	11	11	(22)	0	0
Total income	134	80	563	58	991	27	1,853	1,159	146	(22)	1,283	3,136
Net deficit before government grant and taxation	(1,753)	(574)	(281)	(67)	(31)	14	(2,692)	679	20	(17)	682	(2,010)
Government grant												2,171
Net surplus before taxation and transfer to reserves												161
Taxation												(3)
Net surplus for the year before transfer to reserves												158

26. SEGMENTAL INFORMATION (*continued*)

2014/2015	<i>Housing</i>							<i>Other Activities</i>				
	<i>Home</i>		<i>Residential</i>	<i>Rental</i>	<i>Mortgage</i>		<i>Total</i>	<i>Other Rental</i>	<i>Agency</i>		<i>Total</i>	
	<i>Ownership</i>	<i>Upgrading</i>	<i>Ancillary</i>	<i>Flats</i>	<i>Financing</i>	<i>Eliminations</i>	<i>Housing</i>	<i>and Related</i>	<i>and</i>	<i>Eliminations</i>	<i>Other</i>	<i>Group</i>
	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M
<i>Segment expenses include:</i>												
Finance expenses	(50)	(2)	(121)	(6)	(950)	0	(1,129)	(90)	(7)	0	(97)	(1,226)
CPF Housing Grant [Note 2(r)]	(137)	0	0	0	0	0	(137)	0	0	0	0	(137)
Upgrading	0	(580)	0	(5)	0	2	(583)	(4)	0	0	(4)	(587)
Improvements and demolition	(1)	(1)	(134)	(4)	0	(4)	(144)	(50)	0	0	(50)	(194)
Depreciation	(19)	0	(154)	(52)	0	0	(225)	(140)	(11)	0	(151)	(376)
Reversal of impairment losses on property, plant and equipment and investment properties	0	0	0	0	0	0	0	15	0	0	15	15
Allowance for impairment losses on loans receivable and debtors	0	0	0	(6)	0	0	(6)	0	0	0	0	(6)
<i>Assets and liabilities</i>												
Segment assets	20,916	224	9,970	3,716	37,387	0	72,213	8,511	1,050	0	9,561	81,774
Government grant receivable												3,943
Unallocated assets												70
<i>Total assets</i>												85,787
Segment liabilities	19,138	265	6,350	969	37,440	0	64,162	5,699	598	0	6,297	70,459
Unallocated liabilities												105
<i>Total liabilities</i>												70,564
<i>Capital additions</i>	471	0	517	380	0	0	1,368	713	2	0	715	2,083

27. COMMITMENTS

(a) *Building project commitments*

The following commitments for building projects are not recognised in the financial statements:

	<u>Group and HDB</u>	
	<u>2014/2015</u>	<u>2013/2014</u>
	\$'000	\$'000
Authorised and contracted for	9,483,485	10,230,088
Authorised but not contracted for	3,197,167	2,137,983
	<u>12,680,652</u>	<u>12,368,071</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>2014/2015</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2013/2014</u>
	\$'000	\$'000	\$'000	\$'000
Within 1 year	167,985	166,212	164,277	160,457
After 1 year but within 5 years	302,407	321,324	302,464	322,097
After 5 years	315,360	308,884	315,360	308,884
	<u>785,752</u>	<u>796,420</u>	<u>782,101</u>	<u>791,438</u>

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

The Group leases equipment and properties from non-related parties. The future minimum lease payments under non-cancellable operating leases contracted for at the end of reporting period but not recognised as liabilities, are as follows:

	<u>Group</u>		<u>HDB</u>	
	<u>2014/2015</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2013/2014</u>
	\$'000	\$'000	\$'000	\$'000
Within 1 year	10,088	9,166	4,705	2,885
After 1 year but within 5 years	16,145	14,273	13,651	6,986
After 5 years	3,013	1,149	3,013	1,149
	<u>29,246</u>	<u>24,588</u>	<u>21,369</u>	<u>11,020</u>

28. CONTINGENT LIABILITIES

Housing Subsidies for SPR/SC Households

To encourage the Singapore Permanent Resident (“SPR”) family members in such SPR/Singapore Citizen (“SC”) households to take up citizenship and to reinforce the privilege of citizenship, HDB will withhold \$10,000 (2014: \$10,000) of the housing subsidies enjoyed by SPR/SC households when they buy a flat. If they buy a resale flat, a Design, Build and Sell Scheme flat, or an Executive Condominium, their Housing Grant will be reduced by \$10,000 (2014: \$10,000). If they buy a new flat, they will have to pay a \$10,000 premium on top of HDB’s selling price. The withheld subsidy will be restored when the SPR member in the household obtains Singapore citizenship or when the couple has a SC child.

Factors such as whether and when the SPR member in the household becomes SC or when the couple has a SC child are beyond HDB’s control. Given the uncertainty in timing and quantum of the obligation, no provision has been made in respect of this scheme.