No. 6/2018

SUPPLEMENT

TO THE

REPUBLIC OF SINGAPORE

GOVERNMENT GAZETTE

FRIDAY, 13 JULY 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE HOUSING AND DEVELOPMENT BOARD FOR THE YEAR ENDED 31ST MARCH 2018

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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") as set out on pages 10 to 68 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 2018, 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

BOBBY CHIN YOKE CHOONG	DR CHEONG KOON HEAN
Chairman	*Chief Executive Officer*

Singapore
25 May 2018

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

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of the Housing and Development Board ("HDB") and its subsidiaries ("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 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 2018 and of 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.

What we have audited

The financial statements of the Group and the HDB comprise:

- the balance sheets of the Group and the HDB as at 31 March 2018;
- the income and expenditure statements of the Group and the HDB for the year ended 31 March 2018;
- the statements of comprehensive income of the Group and the HDB for the year then ended;
- the consolidated statement of changes in capital and reserves of the Group for the year then ended;
- the statement of changes in capital and reserves of the HDB for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Valuation of loans receivable Refer to Note 3(*a*) *Critical accounting estimates and judgements* and Note 8 *Loans Receivable* to the financial statements.	
As at 31 March 2018, loans receivable amounted to $40,728 million. Loans receivable relate to mortgage loans granted to buyers of flats under the public housing schemes with the flats held as collateral. Allowance for impairment is made for loans receivable that are past due and have collateral with market value lower than the loans receivable. Significant judgement is required by management in determining the adequacy of allowance for impairment of loans receivable. This includes: • the basis used in the calculation of the allowance for impairment of loans receivable; and • the market value of the collateral.	We obtained an understanding of the Group's credit policy and evaluated the Group's credit review processes in identifying objective evidence of impairment. We have evaluated the appropriateness of management's basis used in the calculation of allowance for impairment of loans receivable against historical records. For loans receivable that have objective evidence of impairment, we assessed on a sample basis, the adequacy of allowance for the impairment of loans receivable by reviewing management assumptions. We also assessed the appropriateness of the market value of the flats used by management, based on the average resale price of similar flat types in the same vicinity. Based on our procedures, we were satisfied that management's estimates and basis were reasonable. We also assessed the disclosures relating to loans receivable in the financial statements and found them to be appropriate.

Key Audit Matters (continued)

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Provision for foreseeable loss relating to properties under development Refer to Note 3(*c*) *Critical accounting estimates and judgements* and Note 12 *Properties under development* to the financial statements.	
During the financial year ended 31 March 2018, the Group recognised provision for foreseeable loss of $892 million relating to properties under development.	For estimated selling price, we reviewed management's assumptions by comparing the estimated selling prices against the most recent transacted prices of comparable flats and considering of market developments.
Provision for foreseeable loss is determined based on the difference between the estimated selling price (net of CPF Housing Grant) and the estimated contract costs of the flat. Significant judgement is required in determining: • the estimated selling price which is based on the flat's location and design; and • the estimated contract costs.	For estimated contract costs, our audit procedures included the following: • validated key controls for tendering of construction contracts and variation orders; • obtained an understanding of the basis of estimated contract costs from project managers and evaluated these by corroborating with tendered construction contracts and variation orders; and • assessed the reliability of management's prior year estimates by comparing actual costs incurred against estimated contract costs for completed projects Based on our procedures, we found management's estimation of the selling price and contract costs to be reasonable. We also assessed the related disclosures in the financial statements and found them to be appropriate.

Other Information

Management is responsible for the other information. The other information comprises the Statement by the Board of the HDB (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and SB-FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Group or for the Group to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

(*a*) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the 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.

(*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.

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of the Group in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act 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 Responsibilities for the Compliance Audit

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

The engagement partner on the audit resulting in this independent auditor's report is Yee Chen Fah.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore
25 May 2018

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

BALANCE SHEETS AS AT 31 MARCH 2018

		Group		*HDB*	
	Note	*31 March 2018*	*31 March 2017*	*31 March 2018*	*31 March 2017*
		$'000	$'000	$'000	$'000
CAPITAL AND RESERVES					
Share capital	5	1	1	1	1
Capital account	5	2,468,093	2,468,093	2,463,593	2,463,593
Capital gains reserve	5	7,361,320	7,115,785	7,361,320	7,115,785
Asset revaluation reserve	5	5,369,003	5,475,106	5,369,003	5,475,106
Fair value reserve		3,479	2,757	0	0
Retained earnings		86,254	87,820	0	0
Attributable to Equity Holder of the HDB		15,288,150	15,149,562	15,193,917	15,054,485
Non-controlling interests		31,907	32,188	0	0
TOTAL EQUITY		15,320,057	15,181,750	15,193,917	15,054,485
NON-CURRENT ASSETS					
Property, plant and equipment	6	23,662,869	22,676,075	23,647,560	22,661,072
Investment properties	7	883,189	1,097,809	868,712	1,083,078
Loans receivable	8	38,086,819	37,091,217	38,086,759	37,091,135
Investment in subsidiaries	9	0	0	1,500	1,500
Available-for-sale investments	10	22,612	22,572	0	0
Total non-current assets		62,655,489	60,887,673	62,604,531	60,836,785
CURRENT ASSETS					
Properties under development	12	13,257,080	15,457,997	13,257,080	15,457,997
Properties for sale	13	2,330,307	2,564,950	2,330,307	2,564,950
Inventories of building materials		42,652	43,309	40,771	40,772
Loans receivable within 1 year	8	2,640,752	2,526,143	2,640,729	2,526,122
Available-for-sale investments	10	1,009	6,026	0	0
Government grant receivable	14	2,921,013	3,722,876	2,921,013	3,722,876
Trade and other receivables	15	1,148,795	1,178,058	1,100,575	1,133,333
Cash and bank balances	16	79,183	100,366	20,555	40,905
Other current assets	28	0	4,197,440	0	4,197,440
Total current assets		22,420,791	29,797,165	22,311,030	29,684,395
Less:					
CURRENT LIABILITIES					
Loans payable within 1 year	17	8,567,212	12,192,825	8,564,462	12,192,825
Trade and other payables	18	2,919,461	2,969,369	2,888,262	2,939,026
Amount due to subsidiary		0	0	153	174
Provision for income tax	11	1,031	3,504	0	0
Total current liabilities		11,487,704	15,165,698	11,452,877	15,132,025
NET CURRENT ASSETS		10,933,087	14,631,467	10,858,153	14,552,370

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

BALANCE SHEETS AS AT 31 MARCH 2018 (*continued*)

		Group		*HDB*	
	Note	*31 March 2018*	*31 March 2017*	*31 March 2018*	*31 March 2017*
		$'000	$'000	$'000	$'000
NON-CURRENT LIABILITIES					
Loans payable	17	56,193,817	58,309,117	56,196,817	58,309,117
Deferred income	19	2,072,006	2,026,027	2,071,950	2,025,553
Deferred tax liabilities	11	2,696	2,246	0	0
Total non-current liabilities		58,268,519	60,337,390	58,268,767	60,334,670
NET ASSETS		15,320,057	15,181,750	15,193,917	15,054,485

The accompanying notes form part of the financial statements.

BOBBY CHIN YOKE CHOONG
Chairman

AUDREY LEONG YUE YOKE
Group Director (Finance)

25 May 2018

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

INCOME AND EXPENDITURE STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		Group						*HDB*					
	Note	*2017/2018*			*2016/2017*			*2017/2018*			*2016/2017*		
		Housing	*Other Activities*	*Total*	*Housing*	*Other Activities*	*Total*	*Housing*	*Other Activities*	*Total*	*Housing*	*Other Activities*	*Total*
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Sale proceeds	26	8,024,651	5,389	8,030,040	7,338,885	2,591	7,341,476	8,024,651	5,389	8,030,040	7,338,885	2,591	7,341,476
Cost of sales before net decrease in provision for foreseeable loss	22	(9,986,365)	(5,389)	(9,991,754)	(8,522,929)	0	(8,522,929)	(9,986,365)	(5,389)	(9,991,754)	(8,522,929)	0	(8,522,929)
Gross (loss)/profit on sales	26	(1,961,714)	0	(1,961,714)	(1,184,044)	2,591	(1,181,453)	(1,961,714)	0	(1,961,714)	(1,184,044)	2,591	(1,181,453)
Net decrease in provision for foreseeable loss	22	1,040,434	0	1,040,434	655,040	0	655,040	1,040,434	0	1,040,434	655,040	0	655,040
Gross (loss)/profit after net decrease in provision for foreseeable loss		(921,280)	0	(921,280)	(529,004)	2,591	(526,413)	(921,280)	0	(921,280)	(529,004)	2,591	(526,413)
Income	20	2,205,255	1,479,827	3,685,082	2,013,618	1,502,395	3,516,013	2,205,847	1,340,674	3,546,521	2,014,180	1,364,461	3,378,641
Finance expenses	21	(1,278,889)	(88,517)	(1,367,406)	(1,228,977)	(97,674)	(1,326,651)	(1,278,977)	(88,434)	(1,367,411)	(1,229,106)	(97,638)	(1,326,744)
Operating expenses	22, 23	(2,002,542)	(641,432)	(2,643,974)	(1,821,165)	(723,223)	(2,544,388)	(2,005,162)	(503,300)	(2,508,462)	(1,822,980)	(591,483)	(2,414,463)
Other expenses	22	(466,153)	0	(466,153)	(300,077)	0	(300,077)	(466,153)	0	(466,153)	(300,077)	0	(300,077)

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

INCOME AND EXPENDITURE STATEMENTS (*continued*)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		Group						*HDB*					
	Note	*2017/2018*			*2016/2017*			*2017/2018*			*2016/2017*		
		Housing	*Other Activities*	*Total*	*Housing*	*Other Activities*	*Total*	*Housing*	*Other Activities*	*Total*	*Housing*	*Other Activities*	*Total*
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
NET (DEFICIT)/ SURPLUS BEFORE GOVERNMENT GRANT AND TAXATION	26	(2,463,609)	749,878	(1,713,731)	(1,865,605)	684,089	(1,181,516)	(2,465,725)	748,940	(1,716,785)	(1,866,987)	677,931	(1,189,056)
Government grant	14			2,005,431			1,193,960			2,005,431			1,193,960
NET SURPLUS BEFORE TAXATION AND TRANSFER TO RESERVES				291,700			12,444			288,646			4,904
Income tax expense	11			(1,568)			(2,485)			0			0
NET SURPLUS FOR THE YEAR BEFORE TRANSFER TO RESERVES				290,132			9,959			288,646			4,904

The accompanying notes form part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

INCOME AND EXPENDITURE STATEMENTS (*continued*)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		Group						*HDB*					
	Note	*2017/2018*			*2016/2017*			*2017/2018*			*2016/2017*		
		Housing	*Other Activities*	*Total*	*Housing*	*Other Activities*	*Total*	*Housing*	*Other Activities*	*Total*	*Housing*	*Other Activities*	*Total*
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
NET SURPLUS ATTRIBUTABLE TO:													
Equity holder of the HDB				287,080			6,385			288,646			4,904
Non-controlling interests				3,052			3,574			0			0
AMOUNT ATTRIBUTABLE TO EQUITY HOLDER OF THE HDB:													
NET SURPLUS FOR THE YEAR BEFORE TRANSFER TO RESERVES				287,080			6,385			288,646			4,904
RETAINED EARNINGS AT THE BEGINNING OF THE YEAR				87,820			86,339			0			0
Release of asset revaluation reserve	*5d*			96,920			30,229			96,920			30,229
Transfer to capital gains reserve	*5c*			(385,566)			(35,133)			(385,566)			(35,133)
RETAINED EARNINGS AT THE END OF THE YEAR				86,254			87,820			0			0

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 2018

	Group		*HDB*	
	2017/2018	*2016/2017*	*2017/2018*	*2016/2017*
	Total	*Total*	*Total*	*Total*
	$'000	$'000	$'000	$'000
NET SURPLUS FOR THE YEAR BEFORE TRANSFER TO RESERVES	290,132	9,959	288,646	4,904
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to the income and expenditure statements:				
Fair value gains on available-for-sale investment	963	976	0	0
Items that will not be reclassified subsequently to the income and expenditure statements:				
Reversal of impairment losses credited to asset revaluation reserve	1,475	0	1,475	0
Adjustments to asset revaluation reserve	(1,011)	0	(1,011)	0
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	1,427	976	464	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	291,559	10,935	289,110	4,904
ATTRIBUTABLE TO:				
Equity holder of the HDB	288,266	7,117	289,110	4,904
Non-controlling interests	3,293	3,818	0	0
	291,559	10,935	289,110	4,904

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 2018

	Group								
	Share Capital	*Capital Account*	*Capital Gains Reserve*	*Asset Revaluation Reserve*	*Fair Value Reserve*	*Retained Earnings*	*Attributable to Equity Holder of the HDB*	*Non-Controlling Interests*	*Total Capital and Reserves*
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2016	1	2,468,093	7,111,705	5,505,335	2,025	86,339	15,173,498	31,456	15,204,954
Net surplus for the year before transfer to reserves	0	0	0	0	0	6,385	6,385	3,574	9,959
Other comprehensive income									
Fair value gains on available-for-sale investment	0	0	0	0	732	0	732	244	976
Other comprehensive income for the year, net of tax	0	0	0	0	732	0	732	244	976
Total comprehensive income for the year	0	0	0	0	732	6,385	7,117	3,818	10,935
Transfer from retained earnings to capital gains reserve (Note 5*c*)	0	0	35,133	0	0	(35,133)	0	0	0
Release of asset revaluation reserve on disposal of assets (Note 5*d*)	0	0	0	(30,229)	0	30,229	0	0	0
Return of reserves to the Government (Note 5*c*)	0	0	(31,053)	0	0	0	(31,053)	0	(31,053)
Non-controlling interests' share of dividend from subsidiary	0	0	0	0	0	0	0	(3,086)	(3,086)
BALANCE AS AT 31 MARCH 2017	1	2,468,093	7,115,785	5,475,106	2,757	87,820	15,149,562	32,188	15,181,750

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 2018

	Group								
	Share Capital	*Capital Account*	*Capital Gains Reserve*	*Asset Revaluation Reserve*	*Fair Value Reserve*	*Retained Earnings*	*Attributable to Equity Holder of the HDB*	*Non-Controlling Interests*	*Total Capital and Reserves*
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2017	1	2,468,093	7,115,785	5,475,106	2,757	87,820	15,149,562	32,188	15,181,750
Net surplus for the year before transfer to reserves	0	0	0	0	0	287,080	287,080	3,052	290,132
Other comprehensive income									
Adjustments due to reclassification of asset	0	0	9,647	(9,647)	0	0	0	0	0
Reversal of impairment losses credited to asset revaluation reserve	0	0	0	1,475	0	0	1,475	0	1,475
Adjustments to asset revaluation reserve	0	0	0	(1,011)	0	0	(1,011)	0	(1,011)
Fair value gains on available-for-sale investment	0	0	0	0	722	0	722	241	963
Other comprehensive income/(expense) for the year, net of tax	0	0	9,647	(9,183)	722	0	1,186	241	1,427
Total comprehensive income/(expense) for the year	0	0	9,647	(9,183)	722	287,080	288,266	3,293	291,559
Transfer from retained earnings to capital gains reserve (Note 5*c*)	0	0	385,566	0	0	(385,566)	0	0	0
Release of asset revaluation reserve on disposal of assets (Note 5*d*)	0	0	0	(96,920)	0	96,920	0	0	0
Return of reserves to the Government (Note 5*c*)	0	0	(149,678)	0	0	0	(149,678)	0	(149,678)
Non-controlling interests' share of dividend from subsidiary	0	0	0	0	0	0	0	(3,574)	(3,574)
BALANCE AS AT 31 MARCH 2018	1	2,468,093	7,361,320	5,369,003	3,479	86,254	15,288,150	31,907	15,320,057

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 2018

	HDB					
	Share Capital	*Capital Account*	*Capital Gains Reserve*	*Asset Revaluation Reserve*	*Retained Earnings*	*Total Capital and Reserves*
	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2016	1	2,463,593	7,111,705	5,505,335	0	15,080,634
Net surplus for the year before transfer to reserves	0	0	0	0	4,904	4,904
Other comprehensive income for the year, net of tax	0	0	0	0	0	0
Total comprehensive income for the year	0	0	0	0	4,904	4,904
Transfer from retained earnings to capital gains reserve (Note 5*c*)	0	0	35,133	0	(35,133)	0
Release of asset revaluation reserve on disposal of assets (Note 5*d*)	0	0	0	(30,229)	30,229	0
Return of reserves to the Government (Note 5*c*)	0	0	(31,053)	0	0	(31,053)
BALANCE AS AT 31 MARCH 2017	1	2,463,593	7,115,785	5,475,106	0	15,054,485

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 2018

	HDB					
	Share Capital	*Capital Account*	*Capital Gains Reserve*	*Asset Revaluation Reserve*	*Retained Earnings*	*Total Capital and Reserves*
	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2017	1	2,463,593	7,115,785	5,475,106	0	15,054,485
Net surplus for the year before transfer to reserves	0	0	0	0	288,646	288,646
Other comprehensive income						
Adjustments due to reclassification of asset	0	0	9,647	(9,647)	0	0
Reversal of impairment losses credited to asset revaluation reserve	0	0	0	1,475	0	1,475
Adjustments to asset revaluation reserve	0	0	0	(1,011)	0	(1,011)
Other comprehensive income/(expense) for the year, net of tax	0	0	9,647	(9,183)	0	464
Total comprehensive income/(expense) for the year	0	0	9,647	(9,183)	288,646	289,110
Transfer from retained earnings to capital gains reserve (Note 5*c*)	0	0	385,566	0	(385,566)	0
Release of asset revaluation reserve on disposal of assets (Note 5*d*)	0	0	0	(96,920)	96,920	0
Return of reserves to the Government (Note 5*c*)	0	0	(149,678)	0	0	(149,678)
BALANCE AS AT 31 MARCH 2018	1	2,463,593	7,361,320	5,369,003	0	15,193,917

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 2018

		Group	
	Note	*2017/2018*	*2016/2017*
		$'000	$'000
OPERATING ACTIVITIES			
Net deficit before government grant and taxation		(1,713,731)	(1,181,516)
Adjustments for:			
Interest income	20	(1,055,401)	(1,030,771)
Interest expense	21	1,356,202	1,314,198
Depreciation	22	437,774	427,661
CPF Housing Grant netted off against sale proceeds on sale of the flat	26	444,694	271,218
Provision for foreseeable loss for properties under development/for sale	22	892,050	625,459
Gain on disposal/write-off of assets (net)		(138,893)	(30,627)
Impairment losses on property, plant and equipment and investment properties (net)	22	1,322	57,079
Allowance for impairment losses and amount written off on loans receivable and debtors	22	11,864	7,741
Amortisation of deferred income		(162,661)	(152,262)
Amortisation of transaction cost of bonds	21	11,204	12,453
(Gain)/loss on disposal of investments	20	(117)	50
Impairment losses on investments	22	0	102
Investment income	20	(596)	(769)
Surplus before movement in working capital		83,711	320,016
Change in working capital:			
Properties under development		(7,693,955)	(7,365,097)
Properties for sale		9,501,428	8,095,021
Inventories of building materials		657	242
Trade and other receivables		(446,206)	20,438
Trade and other payables		38,951	(404,722)
Late payment charges on loans receivable		(1,120)	122
		1,399,755	346,004
Mortgage loan repayments and interest received		6,192,258	5,684,342
Mortgage loans granted		(6,246,879)	(6,006,922)
Interest paid on mortgage financing loans		(941,290)	(984,439)
Income tax (paid)/refunded	11	(3,591)	44
Deferred income received		376,535	521,866
Net cash provided by/(used in) operating activities		860,499	(119,089)

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 2018

	Note	Group 2017/2018	Group 2016/2017
		$'000	$'000
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment, and investment properties		191,390	50,967
Proceeds from transfer of HDB's industrial properties and land to JTC	28	3,971,618	0
Purchase of property, plant and equipment, and investment properties		(1,362,081)	(2,021,421)
Interest received		1,197	1,269
Dividends received from other investments		596	769
Proceeds from redemption/disposal of other investments		7,738	8,983
Purchase of investments		(1,681)	0
Net cash provided by/(used in) investing activities		2,808,777	(1,959,433)
FINANCING ACTIVITIES			
Proceeds from loans payable		28,073,953	37,166,601
Repayment of loans payable		(33,833,758)	(36,166,837)
Interest paid		(732,176)	(768,222)
Government grant received	14	2,807,294	1,857,487
Dividends paid to non-controlling shareholders		(3,574)	(3,086)
Net cash (used in)/provided by financing activities		(3,688,261)	2,085,943
Net (decrease)/increase in cash and cash equivalents		(18,985)	7,421
Cash and cash equivalents at the beginning of year		87,617	80,196
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	16	68,632	87,617

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 2018

Reconciliation of liabilities arising from financing activities	*Note*	*Group and HDB*
		2017/2018
		$'000
Total Loans Payable as at 31 March 2017	17	70,501,942
Increase/(decrease) through financing cash flows:		
Proceeds from loans payable		28,073,953
Repayment of loans payable		(33,833,758)
Net decrease through financing cash flows		(5,759,805)
Increase through non-cash changes:		
Amortisation of transaction cost of bonds	21	11,204
Net increase in interest payable	17	7,688
Net increase through non-cash changes		18,892
Total Loans Payable as at 31 March 2018	17	64,761,029

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 2018

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 2018 were authorised for issue by members of its Board on 25 May 2018.

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 2017

On 1 April 2017, 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.

New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretation to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2018 and which the Group has not early adopted:

(i) <u>SB-FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)</u>

SB-FRS 109 replaces SB-FRS 39 *Financial instruments: Recognition and Measurement* and its relevant interpretations.

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

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

New or revised accounting standards and interpretations (*continued*)

(i) SB-FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018) (*continued*)

SB-FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of such financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained earnings.

Under SB-FRS 109, there were no significant changes to the classification and measurement requirements for the financial liabilities.

There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in SB-FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contracts assets under SB-FRS 115 *Revenue from contracts with customers*, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation for the new expected credit losses impairment model.

Management has assessed the impact of SB-FRS 109 and is of the view that the adoption of SB-FRS 109 will have no material impact on the financial statements in the period of their initial adoption.

(ii) SB-FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

SB-FRS 115 replaces SB-FRS 11 *Construction contracts*, SB-FRS 18 *Revenue*, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has ability to direct the use of and obtain the benefits from the good or service. The core principle of SB-FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

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

New or revised accounting standards and interpretations (*continued*)

(ii) SB-FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018) (*continued*)

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management has assessed the impact of SB-FRS 115 and is of the view that the adoption of SB-FRS 115 will have no material impact on the financial statements in the period of their initial adoption.

(iii) SB-FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

SB-FRS 116 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exemptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Some of the commitments may be covered by the exemptions for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under SB-FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

Management has considered the impact of SB-FRS 116 and is of the view that the adoption of SB-FRS 116 will have no material impact on the financial statements in the period of their initial adoption.

(*b*) *Basis of Consolidation*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

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.

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

(*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 asset 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.

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 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.

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

(*c*) *Financial Instruments* (*continued*)

(i) *Financial assets* (*continued*)

Impairment of financial assets (*continued*)

(A) *Loans and receivables* (*continued*)

The carrying amount of these assets is 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.

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.

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

(*c*) *Financial Instruments* (*continued*)

(ii) *Financial liabilities and equity instruments* (*continued*)

Financial liabilities (*continued*)

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 MOF will act as a lender of last resort to HDB for its funding requirements. The MOF 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 they expire.

(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.

(*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.

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

(*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:

	Years
Land & Buildings	
Leasehold land	Over the lease period up to 99 years
Buildings	Over the lease period up to 60 years
Leasehold properties	30 years
Others	
Plant and machinery	3 to 10 years
Office equipment	3 to 10 years
Furniture, fittings, and fixtures (“F&F”)	5 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.

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.

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

(*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. When a building comprises major components having different useful lives, each significant component is depreciated separately. 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.

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.

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

(*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 when this difference can be determined reliably. The net realisable value is the estimated selling price (net of 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 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.

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.

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

(*l*) *Provisions* (*continued*)

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 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, short-term 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. Car park income is from car parks in HDB housing estates, in industrial properties, and in commercial complexes.

(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.

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

(*m*) *Revenue Recognition* (*continued*)

(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.

(*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.

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

(*q*) *Income Tax* (*continued*)

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

(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, Special CPF Housing Grant, Citizen Top-Up Grant, and Selective En Bloc Redevelopment Scheme 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (*continued*)

(*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 estimated 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.

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

The estimated selling price (net of CPF Housing Grant [Note 2(*r*)]) 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:

	Group		*HDB*	
	31 March 2018	*31 March 2017*	*31 March 2018*	*31 March 2017*
	$'000	$'000	$'000	$'000
Financial Assets				
Loans and receivables (including cash and bank balances)[(1)]	44,851,080	44,585,638	44,767,294	44,501,806
Available-for-sale securities	23,621	28,598	0	0

(1) Excludes prepayments

	Group		*HDB*	
	31 March 2018	*31 March 2017*	*31 March 2018*	*31 March 2017*
	$'000	$'000	$'000	$'000
Financial Liabilities (at amortised cost)				
Loans payable	64,761,029	70,501,942	64,761,279	70,501,942
Payables (including amount due to subsidiary)[(2)]	1,249,926	1,382,050	1,221,287	1,353,223

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

4. FINANCIAL RISKS AND MANAGEMENT (*continued*)

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

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

	Group and HDB	
	31 March 2018	*31 March 2017*
	$'000	$'000
Financial Assets		
Trade receivables		
Gross amounts of recognised financial assets	6,722	9,109
Less:		
Gross amounts of recognised liabilities set off in the balance sheets	(6,640)	(9,001)
Net amounts of assets presented in the balance sheets	82	108
Financial Liabilities		
Trade payables		
Gross amounts of recognised financial liabilities	263,460	366,708
Less:		
Gross amounts of recognised assets set off in the balance sheets	(6,640)	(9,001)
Net amounts of liabilities presented in the balance sheets	256,820	357,707

(*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 trade and other receivables are disclosed in Notes 8 and 15 to the financial statements respectively.

4. FINANCIAL RISKS AND MANAGEMENT (*continued*)

(*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*. (*continued*)

(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. If the variable interest rate were to increase/decrease by 0.5% (2016/2017: 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 $0.9 million (2016/2017: $22.8 million) respectively.

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 MOF will act as a lender of last resort to HDB for its funding requirements. The MOF 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.

4. FINANCIAL RISKS AND MANAGEMENT (*continued*)

(*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*. (*continued*)

(iii) *Liquidity risk* (*continued*)

Financial liabilities (*continued*)

	On demand or within 1 year	*Within 1 to 5 years*	*After 5 years*	*Adjustment*	*Total*
	$'000	$'000	$'000	$'000	$'000
Group					
31 March 2018					
Loans payable	10,059,272	28,902,915	36,252,978	(10,454,136)	64,761,029
Payables[(1)]	1,249,926	0	0	0	1,249,926
31 March 2017					
Loans payable	13,835,759	30,347,614	37,506,019	(11,187,450)	70,501,942
Payables[(1)]	1,383,866	0	0	0	1,383,866
HDB					
31 March 2018					
Loans payable	10,056,522	28,905,915	36,252,978	(10,454,136)	64,761,279
Payables (including amount due to subsidiary)[(1)]	1,221,287	0	0	0	1,221,287
31 March 2017					
Loans payable	13,835,759	30,346,614	37,507,019	(11,187,450)	70,501,942
Payables (including amount due to subsidiary)[(1)]	1,353,223	0	0	0	1,353,223

[(1)] Excludes down payment 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 closing market 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

4. FINANCIAL RISKS AND MANAGEMENT (*continued*)

(*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*. (*continued*)

(iv) *Fair values of financial assets and financial liabilities* (*continued*)

(*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:

	Group	
	Total	*Level 1*
	$'000	$'000
31 March 2018		
Available-for-sale investments	23,621	23,621
31 March 2017		
Available-for-sale investments	28,598	28,598

(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 MOF will act as a lender of last resort to HDB for its funding requirements. The MOF 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, F&F, and Vehicles*	*Total*
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost								
At 1 April 2016	119,198	12,521,553	10,154,368	24,698	3,811,188	8,243	51,408	26,690,656
Additions	1,705	118,301	89,648	0	1,328,740	142	6,980	1,545,516
Disposals/Write-off	(244)	(54,520)	(11,310)	0	(616)	(243)	(8,224)	(75,157)
Transfer from investment properties	0	18,033	1,473	0	0	0	0	19,506
Transfer (to)/from properties for sale/properties under development	(270)	52,216	38,828	0	0	0	0	90,774
Reclassify to other current assets (Note 28)	0	(99,775)	(39,106)	0	0	0	0	(138,881)
Reclassifications within Note 6	1,764	556,272	873,126	0	(1,431,500)	0	338	0
At 31 March 2017	122,153	13,112,080	11,107,027	24,698	3,707,812	8,142	50,502	28,132,414
Accumulated depreciation and impairment losses								
At 1 April 2016	0	2,632,920	2,493,759	6,558	2,437	7,957	40,664	5,184,295
Depreciation	0	140,373	193,568	837	0	144	4,841	339,763
Disposals/Write-off	0	(13,262)	(9,990)	0	0	(243)	(8,210)	(31,705)
Transfer from investment properties	0	5,544	348	0	0	0	0	5,892
Transfer to properties for sale	0	(563)	(1,065)	0	0	0	0	(1,628)
Reclassify to other current assets (Note 28)	0	(25,587)	(14,730)	0	0	0	0	(40,317)
Reclassifications within Note 6	0	104	0	0	(104)	0	0	0
Impairment losses	0	0	39	0	0	0	0	39
At 31 March 2017	0	2,739,529	2,661,929	7,395	2,333	7,858	37,295	5,456,339
Carrying amount								
At 31 March 2017	122,153	10,372,551	8,445,098	17,303	3,705,479	284	13,207	22,676,075

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

	Group							
	Freehold Land	*Leasehold Land*	*Buildings*	*Leasehold Properties*	*Assets under Development*	*Plant and Machinery*	*Office Equipment, F&F, and Vehicles*	*Total*
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost								
At 1 April 2017	122,153	13,112,080	11,107,027	24,698	3,707,812	8,142	50,502	28,132,414
Additions	4,771	136,724	97,156	0	1,036,287	46	7,220	1,282,204
Disposals/Write-off	0	(58,839)	(42,445)	0	0	(8)	(3,236)	(104,528)
Transfer from investment properties	0	64,063	44,128	0	0	0	0	108,191
Transfer from properties for sale	785	35,789	24,292	0	0	0	0	60,866
Reclassifications within Note 6	12,022	976,827	1,094,173	0	(2,083,022)	0	0	0
At 31 March 2018	139,731	14,266,644	12,324,331	24,698	2,661,077	8,180	54,486	29,479,147
Accumulated depreciation and impairment losses								
At 1 April 2017	0	2,739,529	2,661,929	7,395	2,333	7,858	37,295	5,456,339
Depreciation	0	146,997	216,607	837	0	128	5,454	370,023
Disposals/Write-off	0	(17,428)	(24,595)	0	0	(8)	(3,174)	(45,205)
Transfer from investment properties	0	17,233	19,453	0	0	0	0	36,686
Transfer to properties for sale	0	(11)	(112)	0	0	0	0	(123)
Reclassifications within Note 6	0	2,202	0	0	(2,202)	0	0	0
Impairment losses	0	128	190	0	0	0	0	318
Reversal of impairment losses	0	(1,601)	(159)	0	0	0	0	(1,760)
At 31 March 2018	0	2,887,049	2,873,313	8,232	131	7,978	39,575	5,816,278
Carrying amount								
At 31 March 2018	139,731	11,379,595	9,451,018	16,466	2,660,946	202	14,911	23,662,869

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

	HDB							
	Freehold Land	*Leasehold Land*	*Buildings*	*Leasehold Properties*	*Assets under Development*	*Plant and Machinery*	*Office Equipment, F&F, and Vehicles*	*Total*
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost								
At 1 April 2016	119,198	12,521,553	10,130,160	24,698	3,811,188	8,057	46,412	26,661,266
Additions	1,705	118,301	81,855	0	1,328,740	142	6,817	1,537,560
Disposals/Write-off	(244)	(54,520)	(5,242)	0	(616)	(243)	(7,071)	(67,936)
Transfer from investment properties	0	18,033	1,473	0	0	0	0	19,506
Transfer (to)/from properties for sale/properties under development	(270)	52,216	38,828	0	0	0	0	90,774
Reclassify to other current assets (Note 28)	0	(99,775)	(39,106)	0	0	0	0	(138,881)
Reclassifications within Note 6	1,764	556,272	873,126	0	(1,431,500)	0	338	0
At 31 March 2017	122,153	13,112,080	11,081,094	24,698	3,707,812	7,956	46,496	28,102,289
Accumulated depreciation and impairment losses								
At 1 April 2016	0	2,632,920	2,476,796	6,558	2,437	7,779	36,689	5,163,179
Depreciation	0	140,373	192,729	837	0	142	4,464	338,545
Disposals/Write-off	0	(13,262)	(3,922)	0	0	(243)	(7,066)	(24,493)
Transfer from investment properties	0	5,544	348	0	0	0	0	5,892
Transfer to properties for sale	0	(563)	(1,065)	0	0	0	0	(1,628)
Reclassify to other current assets (Note 28)	0	(25,587)	(14,730)	0	0	0	0	(40,317)
Reclassifications within Note 6	0	104	0	0	(104)	0	0	0
Impairment losses	0	0	39	0	0	0	0	39
At 31 March 2017	0	2,739,529	2,650,195	7,395	2,333	7,678	34,087	5,441,217
Carrying amount								
At 31 March 2017	122,153	10,372,551	8,430,899	17,303	3,705,479	278	12,409	22,661,072

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

	HDB							
	Freehold Land $'000	*Leasehold Land* $'000	*Buildings* $'000	*Leasehold Properties* $'000	*Assets under Development* $'000	*Plant and Machinery* $'000	*Office Equipment, F&F, and Vehicles* $'000	*Total* $'000
Cost								
At 1 April 2017	122,153	13,112,080	11,081,094	24,698	3,707,812	7,956	46,496	28,102,289
Additions	4,771	136,724	96,939	0	1,036,287	36	5,593	1,280,350
Disposals/Write-off	0	(58,839)	(42,445)	0	0	0	(2,643)	(103,927)
Transfer from investment properties	0	64,063	44,128	0	0	0	0	108,191
Transfer from properties for sale	785	35,789	24,292	0	0	0	0	60,866
Reclassifications within Note 6	12,022	976,827	1,094,173	0	(2,083,022)	0	0	0
At 31 March 2018	139,731	14,266,644	12,298,181	24,698	2,661,077	7,992	49,446	29,447,769
Accumulated depreciation and impairment losses								
At 1 April 2017	0	2,739,529	2,650,195	7,395	2,333	7,678	34,087	5,441,217
Depreciation	0	146,997	215,603	837	0	124	4,935	368,496
Disposals/Write-off	0	(17,428)	(24,595)	0	0	0	(2,602)	(44,625)
Transfer from investment properties	0	17,233	19,453	0	0	0	0	36,686
Transfer to properties for sale	0	(11)	(112)	0	0	0	0	(123)
Reclassifications within Note 6	0	2,202	0	0	(2,202)	0	0	0
Impairment losses	0	128	190	0	0	0	0	318
Reversal of impairment losses	0	(1,601)	(159)	0	0	0	0	(1,760)
At 31 March 2018	0	2,887,049	2,860,575	8,232	131	7,802	36,420	5,800,209
Carrying amount								
At 31 March 2018	139,731	11,379,595	9,437,606	16,466	2,660,946	190	13,026	23,647,560

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

Land and buildings comprise residential car parks, flats on rental or short-term leases, commercial properties, and markets and hawker centres. Under the agreement with the National Environment Agency ("NEA") for the management and maintenance of markets and hawker centres belonging to HDB, 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 (2016/2017: $424 million).

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

7. INVESTMENT PROPERTIES

	Group	*HDB*
	$'000	$'000
Cost		
At 1 April 2016	6,910,824	6,891,697
Additions	475,905	475,905
Disposals/Write-off	(10,810)	(10,810)
Transfer to property, plant and equipment	(19,506)	(19,506)
Reclassify to other current assets (Note 28)	(5,780,538)	(5,780,538)
At 31 March 2017	1,575,875	1,556,748
Accumulated depreciation and impairment losses		
At 1 April 2016	2,023,551	2,019,409
Depreciation	87,898	87,644
Disposals/Write-off	(2,869)	(2,869)
Transfer to property, plant and equipment	(5,892)	(5,892)
Reclassify to other current assets (Note 28)	(1,681,662)	(1,681,662)
Impairment losses	57,040	57,040
At 31 March 2017	478,066	473,670
Carrying amount		
At 31 March 2017	1,097,809	1,083,078
Fair value		
At 31 March 2017	5,926,020	5,895,640

7. INVESTMENT PROPERTIES (*continued*)

	Group	*HDB*
	$'000	$'000
Cost		
At 1 April 2017	1,575,875	1,556,748
Additions	19,886	19,886
Disposals/Write-off	(269,201)	(269,201)
Transfer to property, plant and equipment	(108,191)	(108,191)
At 31 March 2018	1,218,369	1,199,242
Accumulated depreciation and impairment losses		
At 1 April 2017	478,066	473,670
Depreciation	21,899	21,645
Disposals/Write-off	(128,099)	(128,099)
Transfer to property, plant and equipment	(36,686)	(36,686)
At 31 March 2018	335,180	330,530
Carrying amount		
At 31 March 2018	883,189	868,712
Fair value		
At 31 March 2018	5,509,526	5,478,536

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 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 $552 million (2016/2017: $681 million). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $290 million (2016/2017: $364 million).

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

8. LOANS RECEIVABLE

	Group		HDB	
	31 March 2018	*31 March 2017*	*31 March 2018*	*31 March 2017*
	$'000	$'000	$'000	$'000
Loans receivable				
Mortgage loans for flats	40,646,752	39,537,645	40,646,752	39,537,645
Late payment charges for mortgage loans	28,331	27,306	28,331	27,306
Staff loans	83	103	0	0
	40,675,166	39,565,054	40,675,083	39,564,951
Deferred receivable				
Upgrading costs due from lessees	72,710	82,786	72,710	82,786
	40,747,876	39,647,840	40,747,793	39,647,737
Less:				
Allowance for impairment losses	(20,305)	(30,480)	(20,305)	(30,480)
Balance as at 31 March	40,727,571	39,617,360	40,727,488	39,617,257
Represented by amount receivable:				
Within 1 year	2,640,752	2,526,143	2,640,729	2,526,122
Later than 1 year but not more than 2 years	2,300,341	2,248,975	2,300,322	2,248,953
Later than 2 years but not more than 5 years	6,618,561	6,563,899	6,618,521	6,563,853
Later than 5 years	29,167,917	28,278,343	29,167,916	28,278,329
	38,086,819	37,091,217	38,086,759	37,091,135
	40,727,571	39,617,360	40,727,488	39,617,257

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:

	Group and HDB	
	31 March 2018	*31 March 2017*
	$'000	$'000
Balance as at 1 April	30,480	45,848
Reversal in allowance for impairment losses	(443)	(194)
Bad debts written off against allowance	(9,732)	(15,174)
Balance as at 31 March	20,305	30,480

8. LOANS RECEIVABLE (*continued*)

Interest rates and repayment terms on the loans are:

	Interest rate (per annum)	*Repayment term*
Mortgage loans granted to lessees for purchase of flats under public housing schemes	2.60% to 3.16% (2016/2017: 2.60% to 3.38%)	Up to 30 years
Loans granted to staff	4.25% (2016/2017: 4.25%)	Up to 7 years
Upgrading costs due from flat lessees	2.60% to 3.16% (2016/2017: 2.60% to 3.38%)	Up to 25 years
Upgrading costs due from shop lessees	5.00% (2016/2017: 5.00%)	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 Contributions) 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 $6,031 million (2016/2017: $5,934 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 7.0 months (2016/2017: 6.6 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 $20 million (2016/2017: $30 million) representing 0.05% (2016/2017: 0.08%) of the total loans receivable had been made. Management is of the opinion that adequate impairment losses have been made.

9. INVESTMENT IN SUBSIDIARIES

	HDB	
	31 March 2018	*31 March 2017*
	$'000	$'000
Subsidiary		
E M Services Pte Ltd[(a)] (unquoted equity shares at cost)	1,500	1,500

9. INVESTMENT IN SUBSIDIARIES (*continued*)

	Principal activities	Country of incorporation	Percentage of equity held	
			31 March 2018	31 March 2017
			%	%
Subsidiary of the HDB				
E M Services Pte Ltd[(a)]	Property management and engineering services	Singapore	75	75
Subsidiaries of E M Services Pte Ltd				
E M Real Estate Pte Ltd[(a) (b)]	Real estate management and maintenance	Singapore	100	100
E M Learning Pte Ltd[(a) (c)]	Provision of corporate training services	Singapore	100	100

(a) Audited by PricewaterhouseCoopers LLP.

(b) Formerly known as E M Property Management Pte Ltd.

(c) Formerly known as Property Inc. Pte Ltd.

10. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	31 March 2018	31 March 2017
	$'000	$'000
Current investments:		
Available-for-sale debt securities (quoted), at fair value	1,009	6,026
Non-current investments:		
Available-for-sale equity securities (quoted), at fair value	15,618	14,008
Available-for-sale debt securities (quoted), at fair value	6,994	8,564
	22,612	22,572
	23,621	28,598

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. These are classified as Level 1 of the fair value hierarchy.

The investments in quoted debt securities have effective interest rates ranging from 2.09% to 6.00% per annum (2016/2017: 2.45% to 6.00%).

11. INCOME TAX

(*a*) *Income tax expense*

	Group	
	31 March 2018	*31 March 2017*
	$'000	$'000
Tax expense attributable to profit is made up of:		
— Current income tax	1,149	3,476
— Deferred income tax	716	(737)
	1,865	2,739
Over provision in prior financial years		
— Current income tax	(31)	(77)
— Deferred income tax	(266)	(177)
	1,568	2,485
Reconciliation of effective tax rate:		
Net surplus before taxation	291,700	12,444
Less:		
Net (surplus)/deficit of HDB excluding intra-group transactions	(277,925)	4,336
Net surplus subject to taxation	13,775	16,780
Tax at statutory rate of 17% (2016/2017: 17%)	2,342	2,853
Expenses not deductible for tax purpose	390	398
Income not subject to tax	(46)	0
Statutory stepped income exemption	(78)	(52)
Tax concession and rebates	(744)	(457)
Overprovision of current income tax in prior years	(31)	(77)
(Over)/under provision of deferred tax in prior years due to:		
— Capital allowances	(266)	(194)
— Tax losses	0	17
Others	1	(3)
	1,568	2,485

11. INCOME TAX (*continued*)

(*b*) *Movements in provision for income tax*

	Group	
	31 March 2018	*31 March 2017*
	$'000	$'000
Balance as at 1 April	3,504	61
Charge for the year	1,149	3,476
Income tax (paid)/refunded	(3,591)	44
Overprovision in respect of prior years	(31)	(77)
Balance as at 31 March	1,031	3,504

(*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:

	Deferred tax liabilities	*Deferred tax assets*		*Deferred tax assets/ (liabilities)*
	Capital allowances	*Accrued operating expenses*	*Tax losses*	*Total*
	$'000	$'000	$'000	$'000
Group				
At 1 April 2016	(3,664)	387	117	(3,160)
Credited/(charged) to profit or loss	1,019	12	(117)	914
At 31 March 2017	(2,645)	399	0	(2,246)
Charged to profit or loss	(450)	0	0	(450)
At 31 March 2018	(3,095)	399	0	(2,696)

12. PROPERTIES UNDER DEVELOPMENT

	Group and HDB	
	31 March 2018	*31 March 2017*
	$'000	$'000
Land	13,146,356	14,569,737
Buildings	3,417,591	5,280,327
Upgrading works	31,163	21,685
	16,595,110	19,871,749
Less:		
Provision for foreseeable loss [Note 2(*h*)]	(3,338,030)	(4,413,752)
Balance as at 31 March	13,257,080	15,457,997

13. PROPERTIES FOR SALE

	Group and HDB	
	31 March 2018	*31 March 2017*
	$'000	$'000
Cost of properties	2,831,890	3,031,245
Less:		
Provision for foreseeable loss [Note 2(*i*)]	(501,583)	(466,295)
Balance as at 31 March	2,330,307	2,564,950

14. GOVERNMENT GRANT RECEIVABLE

	Group and HDB	
	31 March 2018	*31 March 2017*
	$'000	$'000
Balance as at 1 April	3,722,876	4,386,403
Less:		
Amount received	(2,807,294)	(1,857,487)
	915,582	2,528,916
Government grant for the current year	2,005,431	1,193,960
Balance as at 31 March	2,921,013	3,722,876

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

	Group		HDB	
	31 March 2018	*31 March 2017*	*31 March 2018*	*31 March 2017*
	$'000	$'000	$'000	$'000
Trade receivables	1,033,603	1,099,906	1,013,773	1,083,444
Less:				
Allowance for impairment losses	(16,585)	(15,205)	(16,585)	(15,205)
	1,017,018	1,084,701	997,188	1,068,239
Other receivables	105,653	59,463	100,615	51,965
Less:				
Allowance for impairment losses	(24)	(24)	(24)	(24)
	105,629	59,439	100,591	51,941
Prepayments and deferred costs	25,482	33,022	2,337	12,565
Deposits	666	896	459	588
Balance as at 31 March	1,148,795	1,178,058	1,100,575	1,133,333

15. TRADE AND OTHER RECEIVABLES (*continued*)

Included in the Group's trade receivables balance is the CPF Housing Grant of $688 million (2016/2017: $831 million) that had been disbursed to eligible households for the purchase of flats from HDB. The CPF Housing Grant disbursed in the current year amounted to $303 million (2016/2017: $323 million). The amount disbursed will be offset against the sale proceeds on sale of the flat [Notes 2(*m*)(i) & 2(*r*)].

Also included in the Group's trade receivables balance are debtors with a carrying amount of $22 million (2016/2017: $36 million) which are past due as at the reporting date and no allowance for impairment losses is made. The balances are still considered fully recoverable. The average age of these receivables is 3.7 months (2016/2017: 5.3 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:

	Group		*HDB*	
	31 March 2018	*31 March 2017*	*31 March 2018*	*31 March 2017*
	$'000	$'000	$'000	$'000
Balance as at 1 April	15,229	14,443	15,229	14,443
Allowance for impairment losses	7,605	7,590	7,605	7,590
Bad debts written off against allowance	(6,225)	(6,804)	(6,225)	(6,804)
Balance as at 31 March	16,609	15,229	16,609	15,229

16. CASH AND BANK BALANCES

	Group		*HDB*	
	31 March 2018	*31 March 2017*	*31 March 2018*	*31 March 2017*
	$'000	$'000	$'000	$'000
Cash and bank balances	33,693	58,731	18,857	39,227
Fixed deposits	45,490	41,635	1,698	1,678
Balance as at 31 March	79,183	100,366	20,555	40,905
Less:				
Funds held in trust	(10,551)	(12,749)	(9,721)	(11,720)
Cash and cash equivalents as at 31 March	68,632	87,617	10,834	29,185

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 1.08% (2016/2017: 0.64%) per annum and for a tenure from 1 to 3 months (2016/2017: 1 to 3 months).

17. LOANS PAYABLE

	Group		HDB	
	31 March 2018	*31 March 2017*	*31 March 2018*	*31 March 2017*
	$'000	$'000	$'000	$'000
Government loans				
Housing development loans	181,854	4,556,703	181,854	4,556,703
Mortgage financing loans	40,582,948	39,531,549	40,582,948	39,531,549
Upgrading financing loans	39,281	46,922	39,281	46,922
	40,804,083	44,135,174	40,804,083	44,135,174
Bonds				
Principal	22,367,000	22,807,000	22,370,000	22,810,000
Unamortised transaction cost	(27,359)	(34,099)	(27,359)	(34,099)
	22,339,641	22,772,901	22,342,641	22,775,901
Bank loans	1,355,250	3,339,500	1,352,500	3,336,500
	64,498,974	70,247,575	64,499,224	70,247,575
Interest payable	262,055	254,367	262,055	254,367
Balance as at 31 March	64,761,029	70,501,942	64,761,279	70,501,942
Represented by amount payable:				
Within 1 year	8,567,212	12,192,825	8,564,462	12,192,825
Later than 1 year but not more than 2 years	5,269,173	7,052,418	5,271,173	7,052,418
Later than 2 years but not more than 5 years	19,100,046	18,433,086	19,101,046	18,432,086
Later than 5 years	31,824,598	32,823,613	31,824,598	32,824,613
	56,193,817	58,309,117	56,196,817	58,309,117
	64,761,029	70,501,942	64,761,279	70,501,942
Fair value of bonds	22,421,626	23,139,582	22,424,648	23,142,656

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 the bonds is based on quoted market prices not traded in an active market at the end of the reporting period. The indicative ask price for the bonds issued by the Group, is classified as Level 2 fair value.

The carrying amounts of government loans and bank loans approximate their fair values. The bank loans are unsecured except for an amount of $3 million (2016/2017: $3 million) obtained by the subsidiary which is secured over the subsidiary's property, plant and equipment with carrying amounts of $5 million (Note 6).

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:

	Interest rate (per annum)	*Repayment term*
Housing development loans	3.32% to 3.72% (2016/2017: 3.14% to 4.50%)	20 years
Mortgage financing loans	2.50% to 3.06% (2016/2017: 2.50% to 3.28%)	Up to 30 years
Upgrading financing loans	2.50% (2016/2017: 2.50%)	10 years
Bank loans (unsecured)	1.15% to 1.43% (2016/2017: 0.67% to 1.15%)	Within 1 year
Bank loans (secured)	2.20% (2016/2017: 2.17% to 2.21%)	Within 1 year

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

Series number	*Principal*	*Coupon Rate (%)*	*Effective Interest Rate (%)*	*Tenure*	*Maturity*
	$M	(per annum)	(per annum)		
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
034	500	3.140	3.162	10 years	18 March 2021
037	600	2.815	2.871	10 years	26 July 2021
039	650	1.950	1.983	10 years	22 September 2021
040	600	1.830	1.851	7 years	21 November 2018
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
047	500	2.088	2.155	10 years	30 August 2022
053	500	1.368	1.389	5 years	29 May 2018
055	1,450	2.365	2.580	5 years	19 September 2018
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
063	1,200	2.100	2.1212	5 years	3 November 2020
064	1,000	2.500	2.5219	7 years	29 January 2023

17. LOANS PAYABLE (*continued*)

Series number	*Principal*	*Coupon Rate (%)*	*Effective Interest Rate (%)*	*Tenure*	*Maturity*
	$M	(per annum)	(per annum)		
066	675	1.750	1.7601	5 years	26 April 2021
067	700	2.545	2.5668	15 years	4 July 2031
068	700	1.470	1.5013	5 years	19 July 2021
069	700	1.910	1.9235	7 years	10 August 2023
070	600	2.035	2.0626	10 years	16 September 2026
071	900	2.220	2.2413	5 years	22 November 2021
073	900	2.233	2.2750	5 years	21 February 2022
074	500	2.350	2.3712	10 years	25 May 2027
075	600	1.825	1.8387	5 years	28 August 2022
076	640	2.598	2.6261	12 years	30 October 2029
077	680	2.250	2.2609	7 years	21 November 2024
078	515	2.320	2.3313	10 years	24 January 2028
079	600	2.303	2.3136	5 years	13 March 2023

18. TRADE AND OTHER PAYABLES

	Group		*HDB*	
	31 March 2018	*31 March 2017*	*31 March 2018*	*31 March 2017*
	$'000	$'000	$'000	$'000
Trade payables	1,136,152	1,236,183	1,108,591	1,208,780
Downpayment deposits and advances	1,493,834	1,409,036	1,493,834	1,409,036
Other deposits	113,774	145,867	112,543	144,269
Deferred income (Note 19)	153,777	157,608	153,286	156,933
Provisions	21,924	20,675	20,008	20,008
	2,919,461	2,969,369	2,888,262	2,939,026

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:

	Group		*HDB*	
	31 March 2018	*31 March 2017*	*31 March 2018*	*31 March 2017*
	$'000	$'000	$'000	$'000
Balance as at 1 April	20,675	20,025	20,008	20,025
Provisions made/(reversed)	1,249	650	0	(17)
Balance as at 31 March	21,924	20,675	20,008	20,008

19. DEFERRED INCOME

	Group		*HDB*	
	31 March 2018	*31 March 2017*	*31 March 2018*	*31 March 2017*
	$'000	$'000	$'000	$'000
Within 1 year (Note 18)	153,777	157,608	153,286	156,933
After 1 year but within 5 years	388,017	398,771	387,961	398,297
After 5 years	1,683,989	1,627,256	1,683,989	1,627,256
	2,072,006	2,026,027	2,071,950	2,025,553
	2,225,783	2,183,635	2,225,236	2,182,486

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

	Group		*HDB*	
	2017/2018	*2016/2017*	*2017/2018*	*2016/2017*
	$'000	$'000	$'000	$'000
Interest income	1,055,401	1,030,771	1,054,577	1,030,050
Rental and related income	1,220,628	1,304,671	1,203,247	1,285,475
Car park income	754,510	657,088	755,102	657,650
Recoveries for upgrading and others	48,928	58,955	48,928	58,955
Levy on resale flats and sales premium	201,551	139,035	201,551	139,035
Agency and consultancy fees	151,146	187,666	22,438	63,158
Gain on disposal of assets	160,289	40,124	160,279	40,358
Investment income	713	719	10,721	9,257
Fees and other income	91,916	96,984	89,678	94,703
	3,685,082	3,516,013	3,546,521	3,378,641

Investment income includes:

	Group		*HDB*	
	2017/2018	*2016/2017*	*2017/2018*	*2016/2017*
	$'000	$'000	$'000	$'000
Gain/(loss) on disposal of investments	117	(50)	0	0
Dividend from:				
— Unquoted subsidiary	0	0	10,721	9,257
— Others	596	769	0	0

21. FINANCE EXPENSES

	Group		*HDB*	
	2017/2018	*2016/2017*	*2017/2018*	*2016/2017*
	$'000	$'000	$'000	$'000
Interest expense:				
— Government loans	1,140,313	1,193,253	1,140,313	1,193,253
— Bank loans	20,642	35,846	20,559	35,811
— Bonds	520,199	485,715	520,287	485,843
	1,681,154	1,714,814	1,681,159	1,714,907
Less:				
Interest capitalised in properties and assets under development (Notes 6, 7, and 12)	(324,952)	(400,616)	(324,952)	(400,616)
Bond transaction cost amortisation	11,204	12,453	11,204	12,453
	1,367,406	1,326,651	1,367,411	1,326,744

During the financial year, interest capitalised as properties and assets under development amounted to $325 million (2016/2017: $401 million) at an average capitalisation rate of 2.44% (2016/2017: 2.43%).

22. EXPENSES BY NATURE

Expenses include the following:

	Group		*HDB*	
	2017/2018	*2016/2017*	*2017/2018*	*2016/2017*
	$'000	$'000	$'000	$'000
Cost of sales before net decrease in provision for foreseeable loss	9,991,754	8,522,929	9,991,754	8,522,929
Provision for foreseeable loss for properties under development/ for sale	892,050	625,459	892,050	625,459
Release of foreseeable loss provided in previous years, upon sale	(1,932,484)	(1,280,499)	(1,932,484)	(1,280,499)
Net decrease in provision for foreseeable loss	(1,040,434)	(655,040)	(1,040,434)	(655,040)
Upgrading	586,131	441,655	586,131	441,655
Improvements and demolition	204,662	254,420	204,662	254,420
Depreciation	437,774	427,661	435,993	426,189
Property tax	147,082	142,490	146,967	142,361
Impairment losses on investments	0	102	0	0
Impairment losses on property, plant and equipment and investment properties	14,149	57,079	14,149	57,079
Reversal of impairment losses on property, plant and equipment and investment properties	(12,827)	0	(12,827)	0
Allowance for impairment losses on loans receivable and debtors	7,162	7,396	7,162	7,396
Bad debts written off	4,702	345	4,702	345
Operating lease expenses	27,585	27,599	16,367	15,967
Manpower costs (Note 23)	712,203	681,498	628,166	607,203
Manpower costs and overheads capitalised in:				
— properties and assets under development	(42,793)	(37,949)	(42,793)	(37,949)
— inventories of building materials	(768)	(1,267)	(768)	(1,267)
CPF Housing Grant [Note 2(*r*)]	466,153	300,077	466,153	300,077

23. MANPOWER COSTS

	Group		*HDB*	
	2017/2018	*2016/2017*	*2017/2018*	*2016/2017*
	$'000	$'000	$'000	$'000
Salaries and bonuses	614,340	586,318	541,302	521,467
Contribution to CPF	74,656	72,296	65,843	64,299
Staff benefits	11,722	11,424	9,948	10,445
Training/development costs and others	11,485	11,460	11,073	10,992
	712,203	681,498	628,166	607,203

24. GOVERNMENT GRANT

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

	HDB	
	2017/2018	*2016/2017*
	$'000	$'000
Total grant as at 1 April	29,495,550	28,301,590
Grant for the financial year (Note 14)	2,005,431	1,193,960
Total grant as at 31 March	31,500,981	29,495,550

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:

	Group and HDB	
	2017/2018	*2016/2017*
	$'000	$'000
(i) *HDB's transactions with:*		
Subsidiaries		
Property management	(2,063)	(546)
Mechanical and electrical services	(2,620)	(1,815)
Rental income	1,527	1,479
Singapore Land Authority, as an agent for Ministry of Law		
Purchase of land	(4,279,763)	(3,874,757)
Proceeds from return of land, flats, and other properties to Government	339,469	71,940
Agency fee and other income	6,408	9,183
Temporary occupation licence fees	(8,265)	(6,990)
Ministry of National Development		
Agency fee and other income	28,027	54,771
National Environment Agency		
Recoveries	17,117	17,372
Maritime and Port Authority of Singapore		
Agency fee income	9,422	215
People's Association		
Rental income and others	2,036	1,660
Central Provident Fund Board		
Agency fee	(832)	(880)
Council for Estate Agencies		
Consultancy and support services fees	463	484
Ministry of Social and Family Development		
Rental income	7,338	3,768
Ministry of Health		
Agency fee income	462	1,183

25. SIGNIFICANT RELATED PARTY TRANSACTIONS (*continued*)

	Group and HDB	
	2017/2018	*2016/2017*
	$'000	$'000
JTC Corporation		
Transfer of net assets relating to industrial properties and lands (Note 28)	3,971,618	0
Agri-Food & Veterinary Authority of Singapore		
Transfer of rental deposits and other assets and liabilities relating to Pasir Panjang Wholesale Centre	(3,677)	0
Land Transport Authority		
Agency fee income	12	1,384
Other Ministries and Statutory Boards		
Rental income and others	803	526
Town Councils		
Operating fee for car park maintenance	(60,254)	(56,491)
Electrical upgrading works expenses	(38,468)	(32,447)
Rental of Town Councils and other income	4,858	4,651
(ii) *Subsidiaries' transactions with:*		
Ministries, Town Councils and Statutory Boards		
Estate management agency fee income	126,150	117,798
Rental of premises	(10,600)	(10,792)
Amounts due to related parties as at 31 March	330,163	148,389
Amounts due from related parties as at 31 March	237,357	142,190

The outstanding amounts are unsecured. There are no guarantees provided or received in respect of the related party balances. For 2017/2018, the Group had not made any allowance for impairment relating to amounts owed by related parties (2016/2017: $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:

	Group		*HDB*	
	2017/2018	*2016/2017*	*2017/2018*	*2016/2017*
	$'000	$'000	$'000	$'000
Board Members' and Directors' fees	313	327	203	219
Salaries and other short-term employee benefits	9,274	8,369	8,784	7,940
Contribution to CPF	329	299	308	282
	9,916	8,995	9,295	8,441

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.

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, providing and 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 provision, tenancy and management of commercial and industrial properties, and land.

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*)

2016/2017

	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	7,480	0	130	0	0	0	7,610	3	0	0	3	7,613
Less: CPF Housing Grant [Notes 2(*m*)(i) & 2(*r*)]	(271)	0	0	0	0	0	(271)	0	0	0	0	(271)
Net sale proceeds	7,209	0	130	0	0	0	7,339	3	0	0	3	7,342
Cost of sales before net decrease in provision for foreseeable loss	(8,405)	0	(103)	0	0	(15)	(8,523)	0	0	0	0	(8,523)
Gross (loss)/profit on sales	(1,196)	0	27	0	0	(15)	(1,184)	3	0	0	3	(1,181)
Net decrease in provision for foreseeable loss	655	0	0	0	0	0	655	0	0	0	0	655
Gross (loss)/profit after net decrease in provision for foreseeable loss	(541)	0	27	0	0	(15)	(529)	3	0	0	3	(526)
External income:												
Interest income	0	3	0	0	1,027	0	1,030	0	1	0	1	1,031
Other income	222	41	654	63	4	0	984	1,288	213	0	1,501	2,485
Inter-segment	0	0	(18)	0	0	18	0	11	12	(23)	0	0
Total income	222	44	636	63	1,031	18	2,014	1,299	226	(23)	1,502	3,516
Net deficit before government grant and taxation	(861)	(482)	(428)	(79)	(26)	10	(1,866)	641	63	(20)	684	(1,182)
Government grant												1,194
Net surplus before taxation and transfer to reserves												12
Taxation												(2)
Net surplus for the year before transfer to reserves												10

26. SEGMENTAL INFORMATION (*continued*)

2016/2017

	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
Segment expenses include:												
Finance expenses	(77)	(1)	(146)	(16)	(989)	0	(1,229)	(98)	0	0	(98)	(1,327)
CPF Housing Grant [Note 2(*r*)]	(300)	0	0	0	0	0	(300)	0	0	0	0	(300)
Upgrading	0	(431)	0	(3)	0	0	(434)	(8)	0	0	(8)	(442)
Improvements and demolition	0	(11)	(157)	(3)	0	(3)	(174)	(80)	0	0	(80)	(254)
Depreciation	(36)	0	(173)	(61)	0	0	(270)	(147)	(11)	0	(158)	(428)
Impairment losses on property, plant and equipment and investment properties	0	0	0	0	0	0	0	(57)	0	0	(57)	(57)
Allowance for impairment losses on loans receivable and debtors	0	0	0	(7)	0	0	(7)	0	0	0	0	(7)
Assets and liabilities												
Segment assets	21,872	120	10,613	4,290	39,555	0	76,450	9,610	844	0	10,454	86,904
Government grant receivable												3,723
Unallocated assets												58
Total assets												90,685
Segment liabilities	19,788	214	6,731	1,288	39,615	0	67,636	7,160	562	0	7,722	75,358
Unallocated liabilities												145
Total liabilities												75,503
Capital additions	524	0	415	335	0	0	1,274	734	13	0	747	2,021

26. SEGMENTAL INFORMATION (*continued*)

2017/2018

	Housing							*Other Activities*				
	Home Ownership $'M	*Upgrading* $'M	*Residential Ancillary Functions* $'M	*Rental Flats* $'M	*Mortgage Financing* $'M	*Eliminations* $'M	*Total Housing* $'M	*Other Rental and Related Businesses* $'M	*Agency and Others* $'M	*Eliminations* $'M	*Total Other Activities* $'M	*Group* $'M
Sale proceeds	8,400	0	70	0	0	0	8,470	5	0	0	5	8,475
Less: CPF Housing Grant [Notes 2(*m*)(i) & 2(*r*)]	(445)	0	0	0	0	0	(445)	0	0	0	0	(445)
Net sale proceeds	7,955	0	70	0	0	0	8,025	5	0	0	5	8,030
Cost of sales before net decrease in provision for foreseeable loss	(9,923)	0	(57)	0	0	(7)	(9,987)	(5)	0	0	(5)	(9,992)
Gross (loss)/profit on sales	(1,968)	0	13	0	0	(7)	(1,962)	0	0	0	0	(1,962)
Net decrease in provision for foreseeable loss	1,041	0	0	0	0	0	1,041	0	0	0	0	1,041
Gross (loss)/profit after net decrease in provision for foreseeable loss	(927)	0	13	0	0	(7)	(921)	0	0	0	0	(921)
External income:												
Interest income	0	2	0	0	1,052	0	1,054	0	0	0	0	1,054
Other income	295	32	755	65	5	0	1,152	1,304	176	0	1,480	2,632
Inter-segment	0	0	(8)	0	0	8	0	11	15	(26)	0	0
Total income	295	34	747	65	1,057	8	2,206	1,315	191	(26)	1,480	3,686
Net deficit before government grant and taxation	(1,383)	(639)	(338)	(92)	(23)	11	(2,464)	753	19	(22)	750	(1,714)
Government grant												2,006
Net surplus before taxation and transfer to reserves												292
Taxation												(2)
Net surplus for the year before transfer to reserves												290

26. SEGMENTAL INFORMATION (*continued*)

2017/2018	*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
Segment expenses include:												
Finance expenses	(96)	(1)	(147)	(24)	(1,012)	0	(1,280)	(88)	0	0	(88)	(1,368)
CPF Housing Grant [Note 2(*r*)]	(466)	0	0	0	0	0	(466)	0	0	0	0	(466)
Upgrading	0	(571)	0	(2)	0	0	(573)	(13)	0	0	(13)	(586)
Improvements and demolition	0	(6)	(134)	(1)	0	(1)	(142)	(62)	0	0	(62)	(204)
Depreciation	(46)	0	(182)	(64)	0	0	(292)	(133)	(11)	0	(144)	(436)
Impairment losses on property, plant and equipment and investment properties	0	0	0	0	0	0	0	(14)	0	0	(14)	(14)
Reversal of impairment losses on property, plant and equipment and investment properties	0	0	0	0	0	0	0	13	0	0	13	13
Allowance for impairment losses on loans receivable and debtors	0	0	0	7	(1)	0	6	1	0	0	1	7
Assets and liabilities												
Segment assets	19,822	118	10,726	4,372	40,669	0	75,707	5,488	923	0	6,411	82,118
Government grant receivable												2,921
Unallocated assets												37
Total assets												85,076
Segment liabilities	16,403	221	5,813	1,031	40,737	0	64,205	4,786	630	0	5,416	69,621
Unallocated liabilities												135
Total liabilities												69,756
Capital additions	513	0	284	153	0	0	950	346	4	0	350	1,300

27. COMMITMENTS

(*a*) *Building project commitments*

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

	Group and HDB	
	2017/2018	*2016/2017*
	$'000	$'000
Authorised and contracted for	6,399,490	7,365,259
Authorised but not contracted for	2,914,143	2,448,419
	9,313,633	9,813,678

(*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:

	Group		*HDB*	
	2017/2018	*2016/2017*	*2017/2018*	*2016/2017*
	$'000	$'000	$'000	$'000
Within 1 year	93,449	170,235	86,402	161,758
After 1 year but within 5 years	62,695	289,423	62,616	287,444
After 5 years	0	345,389	0	345,389
	156,144	805,047	149,018	794,591

(*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:

	Group		*HDB*	
	2017/2018	*2016/2017*	*2017/2018*	*2016/2017*
	$'000	$'000	$'000	$'000
Within 1 year	14,518	17,861	5,492	6,564
After 1 year but within 5 years	13,140	20,942	7,643	11,476
After 5 years	0	0	0	0
	27,658	38,803	13,135	18,040

28. TRANSFER OF HDB'S INDUSTRIAL PROPERTIES AND LAND TO JTC CORPORATION

On 1 January 2018, HDB's industrial properties and land were transferred to JTC Corporation ("JTC"). The consolidation of all public sector industrial land and properties under a single government agency will enable JTC to better support industrialists in their business growth. Customers will enjoy one-stop access to the full range of public sector industrial facilities, and receive better support for their land and space.

As at 31 March 2017, the carrying amount of industrial land and buildings reclassified to Other Current Assets was $4,197,440,000. The industrial land and buildings, as well as the associated receivables and payables, were transferred to JTC based on their carrying amounts as at 31 December 2017.

	Group and HDB *2017/2018* $'000
Land & Buildings	4,207,529
Trade and other receivables	18,645
Trade and other payables	(82,830)
Deferred income	(171,726)
Carrying amount of net assets as at 31 December 2017	3,971,618

29. CONTINGENT LIABILITIES

Housing Subsidies for SC/SPR Households

The Citizen Top-Up grant is a $10,000 housing subsidy that is given to eligible Singapore Citizen/ Singapore Permanent Resident (SC/SPR) household when a qualifying household member becomes a Singapore Citizen, or when an SC child is born to the SC applicant/owner and spouse originally listed in the flat application. It is available to SC/SPR households who have paid a premium of $10,000 for the purchase of an HDB flat direct from HDB, or taken a lower quantum of CPF Housing Grant for the purchase of a resale flat, a Design, Build and Sell Scheme flat, or an Executive Condominium.

The policy is estimated to have a financial effect of $96 million (2016/2017: $82 million). Given the uncertainty on the eventuality of SC/SPR households fulfilling the eligibility criteria (and therefore the timing and quantum of the obligation), no provision has been made in respect of this policy.