No. 7/2020

SUPPLEMENT

TO THE

REPUBLIC OF SINGAPORE

GOVERNMENT GAZETTE

FRIDAY, 18 SEPTEMBER 2020

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE HOUSING AND DEVELOPMENT BOARD FOR THE YEAR ENDED 31ST MARCH 2020

First published in the Government *Gazette*, Electronic Edition, on 17 September 2020 at 5 pm.

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") set out on pages 9 to 68 are properly drawn up in accordance with the provisions of the Housing and Development Act (Cap. 129, 2004 Revised Edition) ("H&D Act"), the Public Sector (Governance) Act 2018, Act 5 of 2018 ("PSG 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 2020, 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 H&D Act, the PSG Act, the Constitution of the Republic of Singapore, and the requirements of any other written law applicable to moneys of or managed by the HDB.

On behalf of the Board

BOBBY CHIN YOKE CHOONG
Chairman

DR CHEONG KOON HEAN
Chief Executive Officer

Singapore
28 July 2020

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Housing and Development Board ("HDB") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the HDB as at 31 March 2020, the income and expenditure statements, statements of comprehensive income, statements of changes in capital and reserves of the Group and the HDB and the statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet, income and expenditure statement, statement of comprehensive income and statement of changes in capital and reserves are properly drawn up in accordance with the provisions of the Housing and Development Act (Cap. 129, 2004 Revised Edition) ("H&D Act"), the Public Sector (Governance) Act 2018, Act 5 of 2018 ("PSG 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 2020 and the results and changes in capital and reserves of the Group and the HDB and cash flows of the Group for the year ended on that date.

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 are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 2020. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

<u>Allowance for impairment losses for loans receivable</u>

As at 31 March 2020, the Group's loans receivable balance amounted to $40,279 million and it represents 46.0% of the total assets of the Group. Allowance for impairment losses for loans receivable amounted to $7.3 million. Loans receivable relate to mortgage loans granted to buyers of flats under public housing schemes with the flats held as collateral.

The Group provides a loss allowance for loans in arrears for which the market value of the collateral is lower than the loans receivable balance. Under SB-FRS 109, management uses the expected credit loss ("ECL") model to determine the loss allowance amount, taking into account the probability of default and the estimated market value of the collateral. The probability of default is determined by considering historical default rates and forward-looking macroeconomic factors, particularly in light of the uncertain economic outlook as a result of the global COVID-19 pandemic. These market values are estimated using recent and expected resale prices of similar flat types in the vicinity. As the loan receivable balance is material and significant judgement is required to determine the adequacy of the allowance for impairment losses for loans receivable, we have identified this as a key audit matter.

We obtained an understanding of the Group's credit policy and estimation of ECL process. We also evaluated and tested controls over the loans initiation and repayment processes. For the assessment on allowance of impairment losses on loans receivable, including management's assessment of the COVID-19 impact in the measurement of ECL, we involved our internal specialist to assist us in assessing the reasonableness of key assumptions and inputs of the ECL model, including performing sensitivity analyses. With respect to the market value of the collateral, we checked the reasonableness of management's estimate to external sources. We further assessed the adequacy of the related disclosures in Note 8 to financial statements.

Key Audit Matters (continued)

Provision for loss on properties under development

During the financial year ended 31 March 2020, the Group recognised $4,007 million provision for loss relating to properties under development. Properties under development are stated at the lower of cost and their net realisable value. Provision for loss is determined as the excess of total estimated costs of a flat over the estimated net selling price of the flat.

The determination of the net realisable value of properties under development is significant to our audit due to its magnitude and significant management judgement involved in estimating the total development costs of the project and the estimated net selling price of a flat. As such, this is considered to be a key audit matter.

We reviewed the estimated net selling price determined by management by comparing to published sale price net of applicable grants. For total estimated costs of the development project, we tested key controls over the project monitoring process and tendering of contracts related to the development project and verified material variation orders to approved vendor contracts. We further obtained an understanding of management's process in determining the total estimated costs and status of the development project from project managers, and assessed the robustness of management's prior year estimates by comparing actual costs incurred against estimated contract costs for major completed projects. We also assessed the adequacy of disclosures in Note 12 to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the Statement by the Board of the Housing and Development Board, 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 express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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, 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.

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 H&D Act, the PSG Act, and SB-FRS, 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.

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

- 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.

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 H&D Act, the PSG Act, the Constitution of the Republic of Singapore, and the requirements of any other written law applicable to moneys of or managed by the HDB.

(*b*) proper accounting and other records have been kept, including records of all assets of the HDB 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 our 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 H&D Act, the PSG Act, the Constitution of the Republic of Singapore, and the requirements of any other written law applicable to moneys of or managed by the HDB. This responsibility includes monitoring related compliance requirements relevant to the HDB, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditor's Responsibility 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 H&D Act, the PSG Act, the Constitution of the Republic of Singapore, and the requirements of any other written law applicable to moneys of or managed by the HDB.

Auditor’s Responsibility for the Compliance Audit (continued)

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 Group’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 Eleanor Lee.

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
28 July 2020

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

BALANCE SHEETS AS AT 31 MARCH 2020

	Notes	Group 31 March 2020	Group 31 March 2019	HDB 31 March 2020	HDB 31 March 2019
		$'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	7,432,461	7,416,949	7,432,461	7,416,949
Asset revaluation reserve	5	5,333,589	5,350,431	5,333,589	5,350,431
Fair value reserve		1,923	3,467	0	0
Retained earnings		87,411	84,871	0	0
Attributable to equity holder of the HDB		15,323,478	15,323,812	15,229,644	15,230,974
Non-controlling interests		31,224	31,006	0	0
TOTAL EQUITY		15,354,702	15,354,818	15,229,644	15,230,974
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	25,948,297	24,622,026	25,929,047	24,602,463
Goodwill		139	139	0	0
Investment properties	7	872,808	889,362	858,029	874,319
Loans receivable	8	37,663,672	37,787,428	37,663,652	37,787,386
Investment in subsidiaries	9	0	0	1,500	1,500
Investment securities	10	13,985	16,851	0	0
Right-of-use assets	28	37,574	0	8,350	0
		64,536,475	63,315,806	64,460,578	63,265,668
CURRENT ASSETS					
Properties under development	12	14,365,191	13,846,595	14,365,191	13,846,595
Properties for sale	13	1,394,001	1,327,987	1,394,001	1,327,987
Inventories of building materials		44,011	43,421	40,647	40,647
Loans receivable within one year	8	2,614,995	2,604,713	2,614,982	2,604,694
Investment securities	10	3,826	3,010	0	0
Government grant receivable	14	3,273,380	2,501,200	3,273,380	2,501,200
Trade and other receivables	15	1,330,950	1,099,591	1,246,972	1,020,412
Cash and bank balances	16	90,500	85,737	44,759	58,320
		23,116,854	21,512,254	22,979,932	21,399,855
TOTAL ASSETS		87,653,329	84,828,060	87,440,510	84,665,523

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

BALANCE SHEETS AS AT 31 MARCH 2020 (*continued*)

		Group		*HDB*	
	Notes	*31 March 2020*	*31 March 2019*	*31 March 2020*	*31 March 2019*
		$'000	$'000	$'000	$'000
LIABILITIES					
CURRENT LIABILITIES					
Loans payable within one year	17	7,174,682	5,839,968	7,164,682	5,829,968
Trade and other payables	18	3,266,676	3,039,325	3,228,990	3,013,193
Lease liabilities due within one year	28	13,210	0	4,650	0
Amount due to subsidiary		0	0	50	208
Provision for income tax		4,779	0	0	0
		10,459,347	8,879,293	10,398,372	8,843,369
NET CURRENT ASSETS		12,657,507	12,632,961	12,581,560	12,556,486
NON-CURRENT LIABILITIES					
Loans payable	17	59,039,185	58,207,461	59,040,185	58,210,461
Lease liabilities	28	26,078	0	3,872	0
Deferred income	19	2,768,437	2,380,719	2,768,437	2,380,719
Deferred tax liabilities	11	5,580	5,769	0	0
		61,839,280	60,593,949	61,812,494	60,591,180
TOTAL LIABILITIES		72,298,627	69,473,242	72,210,866	69,434,549
NET ASSETS		15,354,702	15,354,818	15,229,644	15,230,974

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BOBBY CHIN YOKE CHOONG
Chairman

NG SOOK YIN
Group Director (Finance)

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

INCOME AND EXPENDITURE STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		Group						*HDB*					
	Notes	*2019/2020*			*2018/2019*			*2019/2020*			*2018/2019*		
		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	3,449,872	0	3,449,872	4,653,557	8,500	4,662,057	3,449,872	0	3,449,872	4,653,557	8,500	4,662,057
Cost of sales before net increase/decrease in provision for foreseeable loss	22	(4,173,993)	0	(4,173,993)	(5,970,396)	(8,500)	(5,978,896)	(4,173,993)	0	(4,173,993)	(5,970,396)	(8,500)	(5,978,896)
Gross loss on sales	26	(724,121)	0	(724,121)	(1,316,839)	0	(1,316,839)	(724,121)	0	(724,121)	(1,316,839)	0	(1,316,839)
Net (increase)/decrease in provision for foreseeable loss	22	(818,340)	0	(818,340)	421,958	0	421,958	(818,340)	0	(818,340)	421,958	0	421,958
Gross loss after net increase/decrease in provision for foreseeable loss		(1,542,461)	0	(1,542,461)	(894,881)	0	(894,881)	(1,542,461)	0	(1,542,461)	(894,881)	0	(894,881)
Income	20	2,146,720	1,026,323	3,173,043	2,187,935	981,184	3,169,119	2,147,233	826,249	2,973,482	2,188,515	831,517	3,020,032
Finance expenses	21	(1,252,736)	(51,590)	(1,304,326)	(1,259,488)	(47,563)	(1,307,051)	(1,252,790)	(50,139)	(1,302,929)	(1,259,576)	(47,405)	(1,306,981)
Operating expenses	22, 23	(1,824,711)	(525,450)	(2,350,161)	(1,946,959)	(470,988)	(2,417,947)	(1,831,940)	(330,150)	(2,162,090)	(1,950,087)	(322,627)	(2,272,714)
Other expenses	22	(630,993)	0	(630,993)	(531,739)	0	(531,739)	(630,993)	0	(630,993)	(531,739)	0	(531,739)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

INCOME AND EXPENDITURE STATEMENTS (*continued*)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		Group						*HDB*					
	Notes	*2019/2020*			*2018/2019*			*2019/2020*			*2018/2019*		
		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	(3,104,181)	449,283	(2,654,898)	(2,445,132)	462,633	(1,982,499)	(3,110,951)	445,960	(2,664,991)	(2,447,768)	461,485	(1,986,283)
Government grant	14			2,692,222			2,032,574			2,692,222			2,032,574
NET SURPLUS BEFORE TAXATION AND TRANSFER TO RESERVES				37,324			50,075			27,231			46,291
Income tax expense	11			(4,644)			(2,930)			0			0
NET SURPLUS FOR THE YEAR BEFORE TRANSFER TO RESERVES				32,680			47,145			27,231			46,291

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

INCOME AND EXPENDITURE STATEMENTS (*continued*)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		Group						*HDB*					
	Notes	*2019/2020*			*2018/2019*			*2019/2020*			*2018/2019*		
		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				29,771			44,969			27,231			46,291
Non-controlling interests				2,909			2,176			0			0
				32,680			47,145			27,231			46,291
AMOUNT ATTRIBUTABLE TO EQUITY HOLDER OF THE HDB:													
NET SURPLUS FOR THE YEAR BEFORE TRANSFER TO RESERVES				29,771			44,969			27,231			46,291
RETAINED EARNINGS AT THE BEGINNING OF THE YEAR				84,871			86,254			0			0
Transfer of fair value reserve of equity instruments at FVOCI upon disposal				0			(61)			0			0
Release of asset revaluation reserve	*5d*			16,842			18,603			16,842			18,603
Transfer to capital gains reserve	*5c*			(44,073)			(64,894)			(44,073)			(64,894)
RETAINED EARNINGS AT THE END OF THE YEAR				87,411			84,871			0			0

The accompanying accounting policies and explanatory notes form an integral 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 2020

	Group		*HDB*	
	2019/2020	*2018/2019*	*2019/2020*	*2018/2019*
	$'000	$'000	$'000	$'000
NET SURPLUS FOR THE YEAR BEFORE TRANSFER TO RESERVES	32,680	47,145	27,231	46,291
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to the income and expenditure statements:				
Net fair value gains on debt instruments at FVOCI	27	60	0	0
Items that will not be reclassified subsequently to the income and expenditure statements:				
Net fair value losses on equity instruments at FVOCI	(2,086)	(158)	0	0
Reversal of impairment losses credited to asset revaluation reserve	0	31	0	31
Other comprehensive income for the year, net of tax	(2,059)	(67)	0	31
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	30,621	47,078	27,231	46,322
ATTRIBUTABLE TO:				
Equity holder of the HDB	28,227	44,927	27,231	46,322
Non-controlling interests	2,394	2,151	0	0
	30,621	47,078	27,231	46,322

The accompanying accounting policies and explanatory notes form an integral 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 2020

	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
Group									
Balance as at 1 April 2018	1	2,468,093	7,361,320	5,369,003	3,479	86,254	15,288,150	31,907	15,320,057
Net surplus for the year before transfer to reserves	0	0	0	0	0	44,969	44,969	2,176	47,145
Other comprehensive income									
Net fair value gains on debt instruments at FVOCI	0	0	0	0	46	0	46	14	60
Net fair value losses on equity instruments at FVOCI	0	0	0	0	(119)	0	(119)	(39)	(158)
Reversal of impairment losses credited to asset revaluation reserve	0	0	0	31	0	0	31	0	31
Transfer of fair value reserve of equity instruments at FVOCI upon disposal	0	0	0	0	61	(61)	0	0	0
Other comprehensive income/(expense) for the year, net of tax	0	0	0	31	(12)	(61)	(42)	(25)	(67)
Total comprehensive income/(expense) for the year	0	0	0	31	(12)	44,908	44,927	2,151	47,078
Transfer from retained earnings to capital gains reserve (Note 5*c*)	0	0	64,894	0	0	(64,894)	0	0	0
Release of asset revaluation reserve on disposal of assets (Note 5*d*)	0	0	0	(18,603)	0	18,603	0	0	0
Return of reserves to the Government (Note 5*c*)	0	0	(9,265)	0	0	0	(9,265)	0	(9,265)
Non-controlling interests' share of dividend from subsidiary	0	0	0	0	0	0	0	(3,052)	(3,052)
BALANCE AS AT 31 MARCH 2019	1	2,468,093	7,416,949	5,350,431	3,467	84,871	15,323,812	31,006	15,354,818

The accompanying accounting policies and explanatory notes form an integral 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 2020

	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
Group									
Balance as at 1 April 2019	1	2,468,093	7,416,949	5,350,431	3,467	84,871	15,323,812	31,006	15,354,818
Net surplus for the year before transfer to reserves	0	0	0	0	0	29,771	29,771	2,909	32,680
Other comprehensive income									
Net fair value gains on debt instruments at FVOCI	0	0	0	0	20	0	20	7	27
Net fair value losses on equity instruments at FVOCI	0	0	0	0	(1,564)	0	(1,564)	(522)	(2,086)
Other comprehensive income/(expense) for the year, net of tax	0	0	0	0	(1,544)	0	(1,544)	(515)	(2,059)
Total comprehensive income/(expense) for the year	0	0	0	0	(1,544)	29,771	28,227	2,394	30,621
Transfer from retained earnings to capital gains reserve (Note 5*c*)	0	0	44,073	0	0	(44,073)	0	0	0
Release of asset revaluation reserve on disposal of assets (Note 5*d*)	0	0	0	(16,842)	0	16,842	0	0	0
Return of reserves to the Government (Note 5*c*)	0	0	(28,561)	0	0	0	(28,561)	0	(28,561)
Non-controlling interests' share of dividend from subsidiary	0	0	0	0	0	0	0	(2,176)	(2,176)
BALANCE AS AT 31 MARCH 2020	1	2,468,093	7,432,461	5,333,589	1,923	87,411	15,323,478	31,224	15,354,702

The accompanying accounting policies and explanatory notes form an integral 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 2020

	Share Capital	*Capital Account*	*Capital Gains Reserve*	*Asset Revaluation Reserve*	*Retained Earnings*	*Total Capital and Reserves*
	$'000	$'000	$'000	$'000	$'000	$'000
HDB						
Balance as at 1 April 2018	1	2,463,593	7,361,320	5,369,003	0	15,193,917
Net surplus for the year before transfer to reserves	0	0	0	0	46,291	46,291
Other comprehensive income						
Reversal of impairment losses credited to asset revaluation reserve	0	0	0	31	0	31
Other comprehensive income/(expense) for the year, net of tax	0	0	0	31	0	31
Total comprehensive income/(expense) for the year	0	0	0	31	46,291	46,322
Transfer from retained earnings to capital gains reserve (Note 5*c*)	0	0	64,894	0	(64,894)	0
Release of asset revaluation reserve on disposal of assets (Note 5*d*)	0	0	0	(18,603)	18,603	0
Return of reserves to the Government (Note 5*c*)	0	0	(9,265)	0	0	(9,265)
BALANCE AS AT 31 MARCH 2019	1	2,463,593	7,416,949	5,350,431	0	15,230,974

The accompanying accounting policies and explanatory notes form an integral 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 2020

	Share Capital	*Capital Account*	*Capital Gains Reserve*	*Asset Revaluation Reserve*	*Retained Earnings*	*Total Capital and Reserves*
	$'000	$'000	$'000	$'000	$'000	$'000
HDB						
Balance as at 1 April 2019	1	2,463,593	7,416,949	5,350,431	0	15,230,974
Net surplus for the year before transfer to reserves	0	0	0	0	27,231	27,231
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	27,231	27,231
Transfer from retained earnings to capital gains reserve (Note 5*c*)	0	0	44,073	0	(44,073)	0
Release of asset revaluation reserve on disposal of assets (Note 5*d*)	0	0	0	(16,842)	16,842	0
Return of reserves to the Government (Note 5*c*)	0	0	(28,561)	0	0	(28,561)
BALANCE AS AT 31 MARCH 2020	1	2,463,593	7,432,461	5,333,589	0	15,229,644

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	2019/2020	2018/2019
		$'000	$'000
OPERATING ACTIVITIES			
Net deficit before government grant and taxation		(2,654,898)	(1,982,499)
Adjustments for:			
Interest income	20	(1,059,737)	(1,065,001)
Interest expense	21	1,297,334	1,299,682
Depreciation	22	452,736	414,867
CPF Housing Grant net off against sale proceeds on sale of the flat	26	222,021	302,034
Provision for foreseeable loss for properties under development/for sale	22	1,476,754	811,960
Gain on disposal/write-off of assets (net)		(21,402)	(17,392)
Allowance for/(reversal of) impairment losses on property, plant and equipment and investment properties (net)	22	43	(718)
Allowance for impairment losses and amount written off on loans receivable and debtors	22	17,006	8,871
Amortisation of deferred income		(175,637)	(159,714)
Amortisation of transaction cost of bonds	21	6,992	7,369
Loss on disposal of investments	20	255	11
Investment income	20	(849)	(654)
Deficit before movement in working capital		(439,382)	(381,184)
Change in working capital:			
Properties under development		(5,636,597)	(5,585,711)
Properties for sale		3,741,420	5,428,597
Inventories of building materials		(590)	(769)
Trade and other receivables		(466,334)	(261,104)
Trade and other payables		199,550	109,826
Late payment charges on loans receivable		(4,504)	(3,557)
		(2,167,055)	(312,718)
Mortgage loan repayments and interest received		5,217,204	6,213,207
Mortgage loans granted		(4,043,644)	(4,810,686)
Interest paid on mortgage financing loans		(1,108,302)	(1,032,977)
Income tax paid		(54)	(1,085)
Deferred income received	19	589,282	476,948
Net cash (used in)/provided by operating activities		(1,951,951)	151,505

The accompanying accounting policies and explanatory notes form an integral 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 2020

	Note	2019/2020	2018/2019
		$'000	$'000
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment, and investment properties		28,387	23,823
Purchase of property, plant and equipment, and investment properties		(1,612,945)	(1,360,018)
Flats transferred from JTC Corporation		(17,834)	0
Interest received		549	870
Dividends received from other investments		849	654
Proceeds from redemption/disposal of other investments		2,761	3,676
Acquisition of indirect subsidiary, net of cash acquired		0	(1,236)
Purchase of investments		(1,025)	(25)
Net cash used in investing activities		(1,599,258)	(1,332,256)
FINANCING ACTIVITIES			
Proceeds from loans payable		45,900,939	24,583,787
Repayment of loans payable		(43,661,809)	(25,299,126)
Interest paid		(590,242)	(548,282)
Government grant received	14	1,920,042	2,452,387
Dividends paid to non-controlling shareholders		(2,176)	(3,052)
Payment of principal portion of lease liabilities	28	(12,969)	0
Net cash provided by financing activities		3,553,785	1,185,714
Net increase in cash and cash equivalents		2,576	4,963
Cash and cash equivalents at the beginning of year		73,595	68,632
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	16	76,171	73,595

The accompanying accounting policies and explanatory notes form an integral 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 2020

Reconciliation of liabilities arising from financing activities

	Note	*2019/2020*	*2018/2019*
		$'000	$'000
Group			
Total loans payable as at 1 April	17	64,047,429	64,761,029
Increase/(decrease) through financing cash flows:			
Proceeds from loans payable		45,900,939	24,583,787
Repayment of loans payable		(43,661,809)	(25,299,126)
Net increase/(decrease) through financing cash flows		2,239,130	(715,339)
Increase/(decrease) through non-cash changes:			
Amortisation of transaction cost of bonds	21	6,992	7,369
Net decrease in interest payable	17	(81,684)	(5,630)
Reversal due to redemption of investments		2,000	0
Net (decrease)/increase through non-cash changes		(72,692)	1,739
Total loans payable as at 31 March	17	66,213,867	64,047,429

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

1. GENERAL INFORMATION

The Housing and Development Board ("HDB") is a statutory board incorporated under the Housing and Development Act (Cap. 129, 2004 Revised Edition) ("H&D 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 HDB is also subject to the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 ("PSG Act").

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The consolidated financial statements of the Group have been 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 H&D Act, the PSG Act, and Singapore Statutory Board Financial Reporting Standards ("SB-FRS") including related interpretations ("INT SB-FRS") and Guidance Notes.

The financial statements are presented in Singapore dollar, which is the HDB's functional currency, and rounded to the nearest thousand ($'000), unless otherwise stated.

2.2 *New accounting standards effective 1 April 2019*

The accounting policies adopted are consistent with those previously applied under SB-FRSs except that in the current financial year, the Group has adopted all the SB-FRSs which are effective for annual financial periods beginning on or after 1 April 2019. The adoption of these standards, including SB-FRS 116 *Leases*, did not have any material effect on the financial performance or position of the Group and the HDB. The disclosures for SB-FRS 116 *Leases* can be found in Note 28.

2.3 *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 2020 and which the Group has not early adopted:

— SB-FRS Conceptual Framework for Financial Reporting

— Amendments to References to the Conceptual Framework in SB-FRS Standards

— Amendments to SB-FRS 1 and SB-FRS 8: Definition of Material

Management has considered and is of the view that the adoption of the new or revised accounting standards and interpretations will have no material impact on the financial statements in the period of their initial adoption.

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

2.4 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the HDB and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the HDB. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and continues to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

2.5 *Transactions with non-controlling interests*

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.

2.6 *Subsidiaries*

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.

In the HDB's balance sheet, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in the income and expenditure statement.

2.7 *Financial instruments*

(*a*) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the financial instruments.

Except for trade receivables, at initial recognition the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the income and expenditure statement.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, as the trade receivables do not contain a significant financing component at initial recognition.

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

2.7 *Financial instruments (continued)*

(*a*) *Financial assets (continued)*

Subsequent measurement

The Group classifies its financial assets into the following measurement categories:

(i) Amortised cost; and

(ii) Fair value through other comprehensive income ("FVOCI")

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The subsequent measurement of the financial assets depends on their classification.

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income and expenditure statement when the assets are de-recognised or impaired, and through amortisation process.

(ii) FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in the income and expenditure statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income and expenditure statement as a reclassification adjustment when the financial asset is de-recognised.

Equity instruments

The Group subsequently measures all its investments in equity instruments at their fair values. As the Group's investments in equity instruments are not held for trading, the Group has irrevocably elected to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in the income and expenditure statement when the Group's right to receive payments is established.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired.

On de-recognition of a debt instrument, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the income and expenditure statement.

On de-recognition of an equity instrument, any difference between the carrying amount and the sum of the consideration received would be recognised in other comprehensive income and transferred to retained earnings along with the amount previously recognised in other comprehensive income relating to that asset.

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

2.7 *Financial instruments (continued)*

(*b*) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

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 the HDB for its funding requirements. The MOF has funded the 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 the 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 2.20).

Subsequent measurement

After initial recognition, financial liabilities not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income and expenditure statement when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in the income and expenditure statement.

(*c*) *Offsetting of financial instruments*

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

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

2.8 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.9 *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(*a*) *Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease as a receivable. Any differences between the right-of-use asset derecognised and the net investment in the sublease is recognised in the income and expenditure statement. The lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor. When the sublease is assessed as an operating lease, the Group recognises rental income from the sublease. The right-of-use asset relating to the head lease is not derecognised.

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

2.9 *Leases (continued)*

(*b*) *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

<u>Right-of-use assets</u>

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets is measured at the amount of lease liabilities recognised, and depreciated on a straight-line basis over the lease term. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.12.

<u>Lease liabilities</u>

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

<u>Short-term leases and leases of low-value assets</u>

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.10 *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.

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

2.10 *Property, plant and equipment (continued)*

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Years
Land and 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	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.

2.11 *Investment properties*

Investment properties, comprising commercial complexes 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 2.10.

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

2.11 *Investment properties (continued)*

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.

2.12 *Impairment of non-financial assets*

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

At the end of the reporting period, property, plant and equipment, investment properties, investment in subsidiaries, and right-of-use assets are reviewed for events or changes in circumstances that may indicate that these assets are impaired.

For cash-generating assets, if any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use) of the asset is estimated to determine the amount of impairment loss. The recoverable amount is determined in-house using the comparable sales method or the income approach based on contractual or market rents, 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.

For non-cash-generating assets, if there is any indication of impairment, the recoverable service 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.

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*)

2.13 *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 2.24)) 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.

2.14 *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 2.24)) 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.

2.15 *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.

2.16 *Cash and cash equivalents*

Cash and bank balances comprise cash at banks and bank deposits. Cash at banks managed by the Board on behalf of trust funds is excluded from cash and bank balances in the statement of cash flows.

2.17 *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.

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

2.18 *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.

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.

2.19 *Revenue recognition*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(*a*) *Sale proceeds*

Proceeds (net of CPF Housing Grant (Note 2.24)) from sale of flats, proceeds from sale of other properties and building materials are recognised as income when the customer obtains control of the asset, upon transfer of the ownership of the goods to the customer.

(*b*) *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.

(*c*) *Rental and related income*

Rental and related income from operating leases of rental properties are recognised in accordance with the accounting policy in Note 2.9 to the financial statements.

(*d*) *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 the HDB housing estates and in commercial complexes.

(*e*) *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, which is when the performance obligation is satisfied.

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

2.19 *Revenue recognition (continued)*

(*f*) *Agency and consultancy fees*

Agency fees from agency projects and consultancy fees are recognised as income over time, based on the progress of work performed.

(*g*) *Dividend Income*

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

2.20 *Finance expenses*

(*a*) *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 2.7(*b*)). 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.

(*b*) *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.

2.21 *Employee benefits*

(*a*) *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.

(*b*) *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.

2.22 *Contingencies*

A contingent liability is:

(*a*) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group; or

(*b*) a present obligation that arises from past events but is not recognised because:

- (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the balance sheet of the Group.

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

2.23 *Income tax*

The HDB is exempt from tax under Section 13(1)(e) of the Income Tax Act (Cap. 134, 2014 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 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 asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

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

(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.

2.24 *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, Enhanced CPF Housing Grant (effective from 11 September 2019), and Selective En Bloc Redevelopment Scheme Grant (Note 2.19(*a*)) are disbursed to eligible households for the purchase of flats from the HDB. These grants are recognised as trade and other receivables on disbursement, and net off from the sale proceeds on sale of the flat.

The other CPF Housing Grants are disbursed to eligible households which purchase flats/executive condominiums from the resale market/private developers, or buyers who subsequently become eligible for the Citizen Top-Up Grant. The grants disbursed are recognised as expenses and reported as other expenses in the income and expenditure statement.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS 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, the probability of default and the total outstanding loans receivable, taking into account current market and economic circumstances.

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

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

(*b*) *Estimation for impairment losses or reversals of impairment losses for property, plant and equipment, and investment properties*

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

In the assessment of the impairment loss, the Group estimates the fair value less cost to sell of the properties or 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 2.24)) 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 2020	*31 March 2019*	*31 March 2020*	*31 March 2019*
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Loans and receivables (including cash and bank balances) [(1)]	44,916,969	44,025,855	44,833,227	43,965,996
Investment securities	17,811	19,861	0	0
Financial liabilities (at amortised cost)				
Loans payable	66,213,867	64,047,429	66,204,867	64,040,429
Lease liabilities	39,288	0	8,522	0
Payables (including amount due to subsidiary) [(2)]	1,663,626	1,484,751	1,632,710	1,461,263

[(1)] Excludes prepayments and deferred costs.

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

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

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

	Group and HDB	
	31 March 2020	*31 March 2019*
	\$'000	\$'000
Financial assets		
Trade receivables		
Gross amounts of recognised financial assets	18,941	7,486
Less:		
Gross amounts of recognised liabilities set off in the balance sheet	(15,769)	(7,156)
Net amounts of assets presented in the balance sheets	3,172	330
Financial liabilities		
Trade payables		
Gross amounts of recognised financial liabilities	320,542	288,114
Less:		
Gross amounts of recognised assets set off in the balance sheets	(15,769)	(7,156)
Net amounts of liabilities presented in the balance sheets	304,773	280,958

4. FINANCIAL RISKS AND MANAGEMENT (*continued*)

(*c*) *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. In providing for the expected credit losses, the HDB considers the experience of loans with similar attributes. An allowance for impairment is made in respect of overdue loans receivable from flats buyers where the collateral held is insufficient to discharge the total loans receivable using the expected credit loss model (Note 2.8). 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.

(*d*) *Market risk*

(i) *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.

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.

(ii) *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.

(iii) *Equity price risk*

The Group is not exposed to significant equity risks arising from equity investments, which are held for strategic rather than trading purposes. The Group does not actively trade equity investments. Any reasonably possible changes in prices of equity 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.

4. FINANCIAL RISKS AND MANAGEMENT (*continued*)

(*e*) *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 the HDB for its funding requirements. The MOF has funded the 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 the 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 the HDB can be contractually required to pay.

	On demand or within 1 year	*Within 1 to 5 years*	*After 5 years*
	$'000	$'000	$'000
Group			
31 March 2020			
Loans payable	8,716,317	29,867,283	38,200,636
Lease liabilities	14,099	27,334	0
Payables [1]	1,663,626	0	0
31 March 2019			
Loans payable	7,349,557	28,834,704	38,549,526
Payables [1]	1,484,751	0	0
HDB			
31 March 2020			
Loans payable	8,716,317	29,868,283	38,200,636
Lease liabilities	4,705	4,030	0
Payables (including amount due to subsidiary) [1]	1,632,710	0	0
31 March 2019			
Loans payable	7,339,557	28,837,704	38,549,526
Payables (including amount due to subsidiary) [1]	1,461,263	0	0

[1] Excludes down payment deposits and advances, deferred income, and provisions.

4. FINANCIAL RISKS AND MANAGEMENT (*continued*)

(*f*) *Fair value of financial assets and 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 investment securities are disclosed in the respective notes to financial statements.

The fair values of financial assets (such as investment 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.

Fair value hierarchy

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:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,

Level 2 — 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); and

Level 3 — Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group	
	Level 1	*Total*
	$'000	$'000
31 March 2020		
Investment securities	17,811	17,811
31 March 2019		
Investment securities	19,861	19,861

(*g*) *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 the HDB for its funding requirements. The MOF has funded the 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 the 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.

(*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 properties were valued at open market values.

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

The balance in the asset revaluation reserve is released directly to retained earnings upon disposal of the other properties.

When properties which were previously carried at revalued amounts are impaired, the impairment loss would be charged to the asset revaluation reserve unless the balance in the asset revaluation reserve is insufficient to cover the loss, in which case the amount by which the loss exceeds the amount in the asset revaluation reserve in respect of the same class of assets is charged to the income and expenditure statement.

6. PROPERTY, PLANT AND EQUIPMENT

Group	*Freehold Land*	*Leasehold Land*	*Buildings*	*Leasehold Properties*	*Assets under Development*	*Plant and Machinery*	*Office Equipment, Furniture, Fittings, and Fixtures, and Vehicles*	*Total*
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost								
At 1 April 2018	139,731	14,266,644	12,324,331	24,698	2,661,077	8,180	54,486	29,479,147
Additions	5,145	179,405	120,085	0	1,043,573	399	11,783	1,360,390
Disposals/write-off	0	(18,506)	(4,208)	0	0	(130)	(8,222)	(31,066)
Transfer from/(to) investment properties	350	(17,708)	(13,682)	0	0	0	0	(31,040)
Transfer (to)/from properties for sale	(676)	16,362	16,838	0	0	0	0	32,524
Reclassifications within Note 6	0	325,888	443,111	(810)	(768,581)	0	392	0
At 31 March 2019	144,550	14,752,085	12,886,475	23,888	2,936,069	8,449	58,439	30,809,955
Accumulated depreciation and impairment losses								
At 1 April 2018	0	2,887,049	2,873,313	8,232	131	7,978	39,575	5,816,278
Depreciation	0	158,877	232,225	813	0	65	6,060	398,040
Disposals/write-off	0	(5,376)	(2,085)	0	0	(130)	(7,779)	(15,370)
Transfer to investment properties	0	(3,951)	(4,936)	0	0	0	0	(8,887)
Transfer to properties for sale	0	(417)	(966)	0	0	0	0	(1,383)
Reclassifications within Note 6	0	131	0	0	(131)	0	0	0
Impairment losses	0	35	46	0	0	0	0	81
Reversal of impairment losses	0	(697)	(133)	0	0	0	0	(830)
At 31 March 2019	0	3,035,651	3,097,464	9,045	0	7,913	37,856	6,187,929
Carrying amount								
At 31 March 2019	144,550	11,716,434	9,789,011	14,843	2,936,069	536	20,583	24,622,026

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

Group	*Freehold Land* $'000	*Leasehold Land* $'000	*Buildings* $'000	*Leasehold Properties* $'000	*Assets under Development* $'000	*Plant and Machinery* $'000	*Office Equipment, Furniture, Fittings, and Fixtures, and Vehicles* $'000	*Total* $'000
Cost								
At 1 April 2019	144,550	14,752,085	12,886,475	23,888	2,936,069	8,449	58,439	30,809,955
Additions	7,423	432,259	305,155	0	860,449	0	5,603	1,610,889
Disposals/write-off	(606)	(45,627)	(5,951)	0	(95)	(1,246)	(2,217)	(55,742)
Transfer from investment properties	362	553	1,037	0	0	0	0	1,952
Transfer (to)/from properties for sale	(371)	77,702	74,105	0	0	0	0	151,436
Transfer from JTC Corporation (Note 25)	160	15,248	8,415	0	0	0	0	23,823
Reclassifications within Note 6	0	168,739	282,289	0	(451,536)	0	508	0
At 31 March 2020	151,518	15,400,959	13,551,525	23,888	3,344,887	7,203	62,333	32,542,313
Accumulated depreciation and impairment losses								
At 1 April 2019	0	3,035,651	3,097,464	9,045	0	7,913	37,856	6,187,929
Depreciation	0	165,721	248,294	796	0	126	6,730	421,667
Disposals/write-off	0	(13,876)	(2,867)	0	0	(1,246)	(2,207)	(20,196)
Transfer from investment properties	0	178	309	0	0	0	0	487
Transfer to properties for sale	0	(585)	(1,318)	0	0	0	0	(1,903)
Transfer from JTC Corporation (Note 25)	0	3,865	2,124	0	0	0	0	5,989
Impairment losses	0	13	30	0	0	0	0	43
At 31 March 2020	0	3,190,967	3,344,036	9,841	0	6,793	42,379	6,594,016
Carrying amount								
At 31 March 2020	151,518	12,209,992	10,207,489	14,047	3,344,887	410	19,954	25,948,297

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, Furniture, Fittings, and Fixtures, and Vehicles* $'000	*Total* $'000
Cost								
At 1 April 2018	139,731	14,266,644	12,298,181	24,698	2,661,077	7,992	49,446	29,447,769
Additions	5,145	179,405	117,770	0	1,043,444	399	7,910	1,354,073
Disposals/write-off	0	(18,506)	(4,208)	0	0	(130)	(6,758)	(29,602)
Transfer from/(to) investment properties	350	(17,708)	(13,682)	0	0	0	0	(31,040)
Transfer (to)/from properties for sale	(676)	16,362	16,838	0	0	0	0	32,524
Reclassifications within Note 6	0	325,888	443,111	(810)	(768,581)	0	392	0
At 31 March 2019	144,550	14,752,085	12,858,010	23,888	2,935,940	8,261	50,990	30,773,724
Accumulated depreciation and impairment losses								
At 1 April 2018	0	2,887,049	2,860,575	8,232	131	7,802	36,420	5,800,209
Depreciation	0	158,877	231,139	813	0	61	5,420	396,310
Disposals/write-off	0	(5,376)	(2,085)	0	0	(130)	(6,648)	(14,239)
Transfer to investment properties	0	(3,951)	(4,936)	0	0	0	0	(8,887)
Transfer to properties for sale	0	(417)	(966)	0	0	0	0	(1,383)
Reclassifications within Note 6	0	131	0	0	(131)	0	0	0
Impairment losses	0	35	46	0	0	0	0	81
Reversal of impairment losses	0	(697)	(133)	0	0	0	0	(830)
At 31 March 2019	0	3,035,651	3,083,640	9,045	0	7,733	35,192	6,171,261
Carrying amount								
At 31 March 2019	144,550	11,716,434	9,774,370	14,843	2,935,940	528	15,798	24,602,463

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, Furniture, Fittings, and Fixtures, and Vehicles* $'000	*Total* $'000
Cost								
At 1 April 2019	144,550	14,752,085	12,858,010	23,888	2,935,940	8,261	50,990	30,773,724
Additions	7,423	432,259	304,313	0	860,449	0	3,888	1,608,332
Disposals/write-off	(606)	(45,627)	(5,952)	0	(95)	(1,218)	(1,951)	(55,449)
Transfer from investment properties	362	553	1,037	0	0	0	0	1,952
Transfer (to)/from properties for sale	(371)	77,702	74,105	0	0	0	0	151,436
Transfer from JTC Corporation (Note 25)	160	15,248	8,415	0	0	0	0	23,823
Reclassifications within Note 6	0	168,739	282,228	0	(451,407)	0	440	0
At 31 March 2020	151,518	15,400,959	13,522,156	23,888	3,344,887	7,043	53,367	32,503,818
Accumulated depreciation and impairment losses								
At 1 April 2019	0	3,035,651	3,083,640	9,045	0	7,733	35,192	6,171,261
Depreciation	0	165,721	246,364	796	0	122	5,799	418,802
Disposals/write-off	0	(13,876)	(2,867)	0	0	(1,218)	(1,947)	(19,908)
Transfer from investment properties	0	178	309	0	0	0	0	487
Transfer to properties for sale	0	(585)	(1,318)	0	0	0	0	(1,903)
Transfer from JTC Corporation (Note 25)	0	3,865	2,124	0	0	0	0	5,989
Impairment losses	0	13	30	0	0	0	0	43
At 31 March 2020	0	3,190,967	3,328,282	9,841	0	6,637	39,044	6,574,771
Carrying amount								
At 31 March 2020	151,518	12,209,992	10,193,874	14,047	3,344,887	406	14,323	25,929,047

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 the 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 $397 million (2018/2019: $408 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 2018	1,218,369	1,199,242
Additions	847	26
Transfer from property, plant and equipment	31,040	31,040
At 31 March 2019	1,250,256	1,230,308
Accumulated depreciation and impairment losses		
At 1 April 2018	335,180	330,530
Depreciation	16,827	16,572
Transfer from property, plant and equipment	8,887	8,887
At 31 March 2019	360,894	355,989
Carrying amount		
At 31 March 2019	889,362	874,319
Fair value		
At 31 March 2019	5,948,438	5,915,008

7. INVESTMENT PROPERTIES (*continued*)

	Group $'000	HDB $'000
Cost		
At 1 April 2019	1,250,256	1,230,308
Additions	2,056	2,056
Transfer to property, plant and equipment	(1,952)	(1,952)
At 31 March 2020	1,250,360	1,230,412
Accumulated depreciation and impairment losses		
At 1 April 2019	360,894	355,989
Depreciation	17,145	16,881
Transfer to property, plant and equipment	(487)	(487)
At 31 March 2020	377,552	372,383
Carrying amount		
At 31 March 2020	872,808	858,029
Fair value		
At 31 March 2020	6,271,508	6,238,018

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 2.12 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 is 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 $179 million (2018/2019: $181 million). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $76 million (2018/2019: $76 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 2020	*31 March 2019*	*31 March 2020*	*31 March 2019*
	$'000	$'000	$'000	$'000
Loans receivable				
Mortgage loans for flats	40,193,926	40,303,844	40,193,926	40,303,844
Late payment charges for mortgage loans	36,126	31,788	36,126	31,788
Staff loans	33	61	0	0
	40,230,085	40,335,693	40,230,052	40,335,632
Deferred receivable				
Upgrading costs due from lessees	55,862	62,903	55,862	62,903
	40,285,947	40,398,596	40,285,914	40,398,535
Less:				
Allowance for impairment losses	(7,280)	(6,455)	(7,280)	(6,455)
Balance as at 31 March	40,278,667	40,392,141	40,278,634	40,392,080
Represented by amount receivable:				
Within 1 year	2,614,995	2,604,713	2,614,982	2,604,694
Later than 1 year but not more than 2 years	2,270,672	2,287,563	2,270,662	2,287,549
Later than 2 years but not more than 5 years	6,492,882	6,514,390	6,492,872	6,514,362
Later than 5 years	28,900,118	28,985,475	28,900,118	28,985,475
	40,278,667	40,392,141	40,278,634	40,392,080

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 movement in allowance for impairment losses on loans receivable for the Group is as follows:

	Group and HDB	
	31 March 2020	*31 March 2019*
	$'000	$'000
Balance as at 1 April	6,455	20,305
Loss allowance	3,273	421
Bad debts written off against allowance	(2,448)	(14,271)
Balance as at 31 March	7,280	6,455

For the loans receivable, there is no significant loss allowance provided in relation to the next 12 months.

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% (2018/2019: 2.60% to 3.16%)	Up to 30 years
Loans granted to staff	4.25% (2018/2019: 4.25%)	Up to 7 years
Upgrading costs due from flat lessees	2.60% to 3.16% (2018/2019: 2.60% to 3.16%)	Up to 25 years
Upgrading costs due from shop lessees	- (2018/2019: 5.00%)	Up to 5 years

A credit assessment based on objective criteria is carried out for loans granted. The loans are secured by the flats that are sold. 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.

In determining the recoverability of the loans receivable, the HDB considers any change in credit quality of the loan, the probability of default, the duration of the loan in arrears, and the market value of the collateral as at the reporting date. Accordingly, an allowance of $7 million (2018/2019: $6 million) representing 0.02% (2018/2019: 0.02%) of the total loans receivable had been made.

9. INVESTMENT IN SUBSIDIARIES

	HDB	
	31 March 2020	*31 March 2019*
	$'000	$'000
Unquoted equity investment at cost	1,500	1,500

9. INVESTMENT IN SUBSIDIARIES (*continued*)

Details of the subsidiaries at the end of the reporting period are as follows:

Name of subsidiaries	*Principal activities*	*Country of incorporation*	*Percentage of equity held* 31 March 2020	*Percentage of equity held* 31 March 2019
			%	%
Direct subsidiary				
E M Services Pte Ltd [a]	Property management and engineering services	Singapore	75	75
Indirect subsidiaries				
E M Real Estate Pte Ltd [a]	Property management	Singapore	100	100
E M Learning Pte Ltd [a]	Corporate training services	Singapore	100	100
E M Engineering Pte Ltd [a]	Engineering services	Singapore	100	100
B & W Air-Conditioning Services Pte Ltd [a]	Air-conditioning services	Singapore	100	100

[a] Audited by PricewaterhouseCoopers LLP.

10. INVESTMENT SECURITIES

	Group 31 March 2020	*Group* 31 March 2019
	$'000	$'000
Current investments:		
Debt securities (quoted), at fair value	3,826	3,010
Non-current investments:		
Equity securities (quoted), at fair value	13,985	15,045
Debt securities (quoted), at fair value	0	1,806
	17,811	19,861

The investment securities are measured at FVOCI. The fair value of investments in quoted 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 3.22% to 4.65% per annum (2018/2019: 2.09% to 6.00%).

11. INCOME TAX

(*a*) *Income tax expense*

	Group 2019/2020	Group 2018/2019
	$'000	$'000
Tax expense attributable to profit is made up of:		
— Current income tax	4,779	0
— Deferred income tax	(1,068)	2,959
	3,711	2,959
Under/(over) provision in prior financial years		
— Current income tax	54	(25)
— Deferred income tax	879	(4)
	933	(29)
	4,644	2,930
Reconciliation of effective tax rate:		
Net surplus before taxation	37,324	50,075
Less:		
Net surplus of the HDB excluding intra-group transactions	(21,042)	(37,137)
Net surplus subject to taxation	16,282	12,938
Tax at statutory rate of 17% (2018/2019: 17%)	2,768	2,199
Expenses not deductible for tax purpose	1,045	779
Income not subject to tax	(6)	(19)
Statutory stepped income exemption	(35)	0
Tax concession and rebates	(61)	0
Under/(over) provision of current income tax in prior years	54	(25)
Under/(over) provision of deferred tax in prior years due to:		
— Capital allowances and deferred costs	879	(4)
	4,644	2,930

11. INCOME TAX (*continued*)

(*b*) *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*	*Lease liabilities-net*	*Total*
	$'000	$'000	$'000	$'000	$'000
Group					
At 31 March 2018	(3,095)	399	0	0	(2,696)
Charged to income and expenditure statement	(3,797)	0	724	0	(3,073)
At 31 March 2019	(6,892)	399	724	0	(5,769)
Charged to income and expenditure statement	772	(24)	(724)	165	189
At 31 March 2020	(6,120)	375	0	165	(5,580)

12. PROPERTIES UNDER DEVELOPMENT

	Group and HDB	
	31 March 2020	*31 March 2019*
	$'000	$'000
Land	14,229,798	13,402,984
Buildings	4,110,980	3,526,944
Upgrading works	31,747	55,725
	18,372,525	16,985,653
Less:		
Provision for foreseeable loss (Note 2.13)	(4,007,334)	(3,139,058)
Balance as at 31 March	14,365,191	13,846,595

13. PROPERTIES FOR SALE

	Group and HDB	
	31 March 2020	*31 March 2019*
	$'000	$'000
Cost of properties	1,643,417	1,608,422
Less:		
Provision for foreseeable loss (Note 2.14)	(249,416)	(280,435)
Balance as at 31 March	1,394,001	1,327,987

14. GOVERNMENT GRANT RECEIVABLE

	Group and HDB	
	31 March 2020	*31 March 2019*
	$'000	$'000
Balance as at 1 April	2,501,200	2,921,013
Less:		
Amount received	(1,920,042)	(2,452,387)
	581,158	468,626
Government grant for the current year	2,692,222	2,032,574
Balance as at 31 March	3,273,380	2,501,200

The government grant for the current year covers the deficit to be financed by the Government under the existing financing arrangement (Note 2.17).

15. TRADE AND OTHER RECEIVABLES

	Group		*HDB*	
	31 March 2020	*31 March 2019*	*31 March 2020*	*31 March 2019*
	$'000	$'000	$'000	$'000
Trade receivables	1,138,629	966,449	1,108,919	939,684
Less:				
Allowance for impairment losses	(24,651)	(18,260)	(24,651)	(18,260)
	1,113,978	948,189	1,084,268	921,424
Other receivables	159,419	97,351	151,490	92,396
Less:				
Allowance for impairment losses	(24)	(24)	(24)	(24)
	159,395	97,327	151,466	92,372
Prepayments and deferred costs	56,528	52,814	10,518	6,016
Deposits	1,049	1,261	720	600
Balance as at 31 March	1,330,950	1,099,591	1,246,972	1,020,412

Included in the Group's trade receivables balance is the CPF Housing Grant of $790 million (2018/2019: $659 million) that had been disbursed to eligible households for the purchase of flats from the HDB. The CPF Housing Grant disbursed in the current year amounted to $355 million (2018/2019: $275 million). The amount disbursed will be offset against the sale proceeds on sale of the flat (Notes 2.19(*a*) & 2.24).

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 Group provides for lifetime expected credit losses for trade and other receivables, based on reasonable and supportable information available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The concentration of credit risk is limited due to the large and unrelated customer base.

15. TRADE AND OTHER RECEIVABLES (*continued*)

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

	Group		*HDB*	
	31 March 2020	*31 March 2019*	*31 March 2020*	*31 March 2019*
	$'000	$'000	$'000	$'000
Balance as at 1 April	18,284	16,609	18,284	16,609
Loss allowance	13,633	8,278	13,633	8,278
Bad debts written off against allowance	(7,242)	(6,603)	(7,242)	(6,603)
Balance as at 31 March	24,675	18,284	24,675	18,284

16. CASH AND BANK BALANCES

	Group		*HDB*	
	31 March 2020	*31 March 2019*	*31 March 2020*	*31 March 2019*
	$'000	$'000	$'000	$'000
Cash and bank balances	55,876	76,881	43,008	56,598
Fixed deposits	34,624	8,856	1,751	1,722
Balance as at 31 March	90,500	85,737	44,759	58,320
Less:				
Funds held in trust	(14,329)	(12,142)	(14,329)	(12,042)
Cash and cash equivalents as at 31 March	76,171	73,595	30,430	46,278

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, 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 of $41 million held by Accountant-General's Department ("AGD") under the Government's Centralised Liquidity Management Framework for Statutory Boards (2018/2019: $49 million). 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 1.68% (2018/2019: 1.2%) per annum and for a tenure from 1 to 3 months (2018/2019: 1 to 3 months).

17. LOANS PAYABLE

	Group		*HDB*	
	31 March 2020	*31 March 2019*	*31 March 2020*	*31 March 2019*
	$'000	$'000	$'000	$'000
Government loans				
Mortgage financing loans	40,316,539	40,413,702	40,316,539	40,413,702
Upgrading financing loans	27,805	32,363	27,805	32,363
	40,344,344	40,446,065	40,344,344	40,446,065
Bonds				
Principal	24,394,000	23,017,000	24,395,000	23,020,000
Unamortised transaction cost	(37,718)	(36,561)	(37,718)	(36,561)
	24,356,282	22,980,439	24,357,282	22,983,439
Bank loans	1,338,500	364,500	1,328,500	354,500
	66,039,126	63,791,004	66,030,126	63,784,004
Interest payable	174,741	256,425	174,741	256,425
Balance as at 31 March	66,213,867	64,047,429	66,204,867	64,040,429
Represented by amount payable:				
Within 1 year	7,174,682	5,839,968	7,164,682	5,829,968
Later than 1 year but not more than 2 years	7,529,015	5,597,526	7,530,015	5,599,526
Later than 2 years but not more than 5 years	17,735,480	18,565,135	17,735,480	18,566,135
Later than 5 years	33,774,690	34,044,800	33,774,690	34,044,800
	66,213,867	64,047,429	66,204,867	64,040,429
Fair value of bonds	25,468,699	23,221,579	25,469,720	23,224,580

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 $10 million (2018/2019: $10 million) obtained by the subsidiary which is secured on the subsidiary's property, plant and equipment with carrying amount of $18 million.

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*
Mortgage financing loans	2.50% to 3.06% (2018/2019: 2.50% to 3.06%)	Up to 30 years
Upgrading financing loans	2.50% (2018/2019: 2.50%)	10 years
Bank loans (unsecured)	0.75% to 1.23% (2018/2019: 1.82% to 1.83%)	Within 1 year
Bank loans (secured)	2.8% (2018/2019: 2.80%)	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)		
024	300	3.630	3.630	15 years	27 February 2023
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
043	800	2.185	2.207	10 years	25 April 2022
045	585	2.505	2.558	12 years	27 June 2024
047	500	2.088	2.155	10 years	30 August 2022
057	600	3.948	4.015	15 years	29 January 2029
058	750	3.008	3.053	7 years	26 March 2021
060	900	3.100	3.144	10 years	24 July 2024
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
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
080	500	3.080	3.1147	12 years	31 May 2030
081	700	2.420	2.4938	5 years	24 July 2023

17. LOANS PAYABLE (*continued*)

Series number	*Principal*	*Coupon rate (%)*	*Effective interest rate (%)*	*Tenure*	*Maturity*
	$M	(per annum)	(per annum)		
082	700	2.625	2.7356	7 years	17 September 2025
083	500	2.550	2.6252	5 years	20 November 2023
084	600	2.675	2.7671	10 years	22 January 2029
085	500	2.495	2.5257	7 years	11 March 2026
086	700	2.164	2.1693	5 years	22 May 2024
087	600	2.270	2.3038	10 years	16 July 2029
088	500	2.315	2.3687	15 years	18 September 2034
089	700	1.750	1.7605	5 years	25 November 2024
090	700	1.760	1.8135	7 years	24 February 2027

18. TRADE AND OTHER PAYABLES

	Group		*HDB*	
	31 March 2020	*31 March 2019*	*31 March 2020*	*31 March 2019*
	$'000	$'000	$'000	$'000
Trade payables	1,349,095	1,359,505	1,319,278	1,336,965
Downpayment deposits and advances	1,392,668	1,370,202	1,392,668	1,370,202
Other deposits	314,531	125,246	313,382	124,090
Deferred income (Note 19)	188,225	162,298	183,659	161,929
Provisions	22,157	22,074	20,003	20,007
	3,266,676	3,039,325	3,228,990	3,013,193

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 the HDB are:

	Group		*HDB*	
	31 March 2020	*31 March 2019*	*31 March 2020*	*31 March 2019*
	$'000	$'000	$'000	$'000
Balance as at 1 April	22,074	21,924	20,007	20,008
Provisions made/(reversed)	83	150	(4)	(1)
Balance as at 31 March	22,157	22,074	20,003	20,007

19. DEFERRED INCOME

	Group		HDB	
	31 March 2020	*31 March 2019*	*31 March 2020*	*31 March 2019*
	$'000	$'000	$'000	$'000
Within 1 year (Note 18)	188,225	162,298	183,659	161,929
After 1 year but within 5 years	513,870	443,371	513,870	443,371
After 5 years	2,254,567	1,937,348	2,254,567	1,937,348
	2,956,662	2,543,017	2,952,096	2,542,648

Deferred income relates principally to amount received in advance in respect of operating leases of land, commercial properties, and flats (Note 2.9).

20. INCOME

	Group		HDB	
	2019/2020	*2018/2019*	*2019/2020*	*2018/2019*
	$'000	$'000	$'000	$'000
Interest income	1,059,737	1,065,001	1,059,480	1,064,538
Rental and related income	876,411	877,932	869,157	863,742
Car park income	743,369	727,092	743,882	727,672
Recoveries for upgrading and others	62,940	55,999	62,940	55,999
Levy on resale flats and sales premium	101,548	174,934	101,548	174,934
Agency and consultancy fees	218,812	160,251	22,243	20,008
Gain on disposal of assets	22,273	20,288	22,274	20,196
Investment income	594	643	6,527	9,155
Fees and other income	87,359	86,979	85,431	83,788
	3,173,043	3,169,119	2,973,482	3,020,032

Investment income includes:

	Group		HDB	
	2019/2020	*2018/2019*	*2019/2020*	*2018/2019*
	$'000	$'000	$'000	$'000
(Loss)/gain on disposal of investments	(255)	(11)	0	0
Dividend from:				
— Unquoted subsidiary	0	0	6,527	9,155
— Others	849	654	0	0

21. FINANCE EXPENSES

	Group		*HDB*	
	2019/2020	*2018/2019*	*2019/2020*	*2018/2019*
	$'000	$'000	$'000	$'000
Interest expense:				
— Government loans	1,020,855	1,023,549	1,020,855	1,023,549
— Bank loans	29,100	14,439	28,737	14,281
— Bonds	565,583	537,641	565,637	537,729
— Lease liabilities	1,322	0	234	0
	1,616,860	1,575,629	1,615,463	1,575,559
Less:				
Interest capitalised in properties and assets under development (Notes 6, 7, and 12)	(319,526)	(275,947)	(319,526)	(275,947)
Bond transaction cost amortisation	6,992	7,369	6,992	7,369
	1,304,326	1,307,051	1,302,929	1,306,981

During the financial year, interest capitalised as properties and assets under development amounted to $320 million (2018/2019: $276 million) at an average capitalisation rate of 2.41% (2018/2019: 2.40%).

22. EXPENSES BY NATURE

Expenses include the following:

	Group		*HDB*	
	2019/2020	*2018/2019*	*2019/2020*	*2018/2019*
	$'000	$'000	$'000	$'000
Cost of sales before net increase/ decrease in provision for foreseeable loss	4,173,993	5,978,896	4,173,993	5,978,896
Provision for foreseeable loss for properties under development/ for sale	1,476,754	811,960	1,476,754	811,960
Release of foreseeable loss provided in previous years, upon sale	(658,414)	(1,233,918)	(658,414)	(1,233,918)
Net increase/(decrease) in provision for foreseeable loss	818,340	(421,958)	818,340	(421,958)
Upgrading	372,471	515,240	372,471	515,240
Improvements and demolition	157,811	144,598	157,811	144,598
Depreciation	452,736	414,867	441,025	412,882
Property tax	122,744	125,165	122,631	125,055
Impairment losses on property, plant and equipment and investment properties	43	81	43	81
Reversal of impairment losses on property, plant and equipment and investment properties	0	(799)	0	(799)
Allowance for impairment losses on loans receivable and debtors	16,906	8,699	16,906	8,699
Bad debts written off	100	172	100	88
Expense for short-term leases	9,963	0	8,564	0
Expense for leases of low-value assets	2,872	0	2,872	0
Manpower costs (Note 23)	693,371	704,826	599,907	622,587
Manpower costs and overheads capitalised in:				
— properties and assets under development	(41,727)	(41,052)	(41,727)	(41,052)
— inventories of building materials	(517)	(724)	(517)	(724)
CPF Housing Grant (Note 2.24)	630,993	531,739	630,993	531,739

23. MANPOWER COSTS

	Group		*HDB*	
	2019/2020	*2018/2019*	*2019/2020*	*2018/2019*
	$'000	$'000	$'000	$'000
Salaries and bonuses	596,236	608,356	514,326	536,590
Contribution to CPF	72,214	72,839	63,003	64,725
Staff benefits	12,095	10,747	10,137	9,606
Training/development costs and others	12,826	12,884	12,441	11,666
	693,371	704,826	599,907	622,587

24. GOVERNMENT GRANT

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

	HDB	
	2019/2020	2018/2019
	$'000	$'000
Total grant as at 1 April	33,533,555	31,500,981
Grant for the financial year (Note 14)	2,692,222	2,032,574
Total grant as at 31 March	36,225,777	33,533,555

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group had transactions with its supervisory Ministry, MND, and other related parties during the year at terms agreed between the parties. The balances with related parties are unsecured, interest-free and repayable on demand unless otherwise stated.

For projects which the HDB manages on behalf of the Government or other government agencies on agency basis, the expenditure incurred on behalf of the principals during the year, which are reimbursable by the principals amounted to $842 million (2018/2019: $898 million). The disbursements and reimbursements for these agency projects were reported on a net basis in the income and expenditure statement.

The following were significant transactions with the Group's supervisory Ministry, MND, and other related parties during the year:

	Group and HDB	
	2019/2020	2018/2019
	$'000	$'000
(i) *HDB's transactions with:*		
Subsidiaries		
Rental income	964	1,639
Engineering services	(7,229)	(3,128)
Property management	(86)	(2)
Singapore Land Authority, as an agent for Ministry of Law		
Proceeds from return of land, flats, and other properties to Government	56,720	9,962
Agency fee and other income	3,750	4,674
Purchase of land	(3,186,717)	(2,976,158)
Temporary occupation licence fees	(6,625)	(7,177)
Ministry of National Development		
Agency fee and other income	26,804	27,175
National Environment Agency		
Recoveries	16,396	17,211
Rental income	3,340	3,384
JTC Corporation		
Agency income	1,009	1,095
Flats transferred from JTC Corporation	(17,834)	0
Ministry of Social and Family Development		
Rental income	9,411	7,791

25. SIGNIFICANT RELATED PARTY TRANSACTIONS (*continued*)

		Group and HDB	
		2019/2020	*2018/2019*
		$'000	$'000
(i)	*HDB's transactions with:*		
	Public Utilities Board		
	Agency fee income	1,915	507
	People's Association		
	Rental income and others	1,895	2,065
	Ministry of Health		
	Rental income	1,457	1,047
	Agency fee income	7	37
	Central Provident Fund Board		
	Agency fee	(1,075)	(895)
	National Parks Board		
	Agency fee income	524	47
	Other Ministries and Statutory Boards		
	Rental income and others	517	873
	Town Councils		
	Rental of Town Councils and other income	4,827	4,794
	Operating fee for car park maintenance	(63,367)	(62,897)
	Electrical upgrading works expenses	(24,004)	(27,316)
(ii)	*Subsidiaries' transactions with:*		
	Ministries, Statutory Boards and Town Councils		
	Estate management agency fee income	179,332	141,195
	Rental of premises	(2,125)	(10,593)
	Amounts due to related parties as at 31 March	213,235	161,700
	Amounts due from related parties as at 31 March	159,278	146,931

The outstanding amounts are unsecured. There are no guarantees provided or received in respect of the related party balances. For 2019/2020, the Group had not made any allowance for impairment relating to amounts owed by related parties (2018/2019: $Nil).

(iii) *Board member and key management personnel remuneration*

	Group		HDB	
	2019/2020	*2018/2019*	*2019/2020*	*2018/2019*
	$'000	$'000	$'000	$'000
Board Members' and Directors' fees	275	314	203	203
Salaries and other short-term employee benefits	8,645	8,917	8,152	8,416
Contribution to CPF	312	319	296	305
	9,232	9,550	8,651	8,924

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 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*)

2018/2019	*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	4,899	0	56	0	0	0	4,955	9	0	0	9	4,964
Less: CPF Housing Grant (Notes 2.19(*a*) and 2.24)	(302)	0	0	0	0	0	(302)	0	0	0	0	(302)
Net sale proceeds	4,597	0	56	0	0	0	4,653	9	0	0	9	4,662
Cost of sales before net decrease in provision for foreseeable loss	(5,913)	0	(55)	0	0	(2)	(5,970)	(9)	0	0	(9)	(5,979)
Gross (loss)/profit on sales	(1,316)	0	1	0	0	(2)	(1,317)	0	0	0	0	(1,317)
Net decrease in provision for foreseeable loss	422	0	0	0	0	0	422	0	0	0	0	422
Gross (loss)/profit after net decrease in provision for foreseeable loss	(894)	0	1	0	0	(2)	(895)	0	0	0	0	(895)
External income:												
Interest income	0	2	0	0	1,062	0	1,064	0	1	0	1	1,065
Other income	267	39	746	64	8	0	1,124	800	180	0	980	2,104
Inter-segment	0	0	(2)	0	0	2	0	13	12	(25)	0	0
Total income	267	41	744	64	1,070	2	2,188	813	193	(25)	981	3,169
Net (deficit)/surplus before government grant and taxation	(1,421)	(557)	(342)	(116)	(23)	14	(2,445)	472	13	(23)	462	(1,983)
Government grant												2,033
Net surplus before taxation and transfer to reserves												50
Taxation												(3)
Net surplus for the year before transfer to reserves												47

26. SEGMENTAL INFORMATION (*continued*)

2018/2019	*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	(69)	(1)	(140)	(27)	(1,023)	0	(1,260)	(47)	0	0	(47)	(1,307)
CPF Housing Grant (Note 2.24)	(532)	0	0	0	0	0	(532)	0	0	0	0	(532)
Upgrading	0	(500)	0	(6)	0	0	(506)	(9)	0	0	(9)	(515)
Improvements and demolition	(1)	(22)	(102)	(3)	0	0	(128)	(17)	0	0	(17)	(145)
Depreciation	(56)	0	(187)	(72)	0	0	(315)	(86)	(14)	0	(100)	(415)
Reversal of impairment losses on property, plant and equipment and investment properties	0	0	0	0	0	0	0	1	0	0	1	1
Allowance for impairment losses on loans receivable and debtors	0	0	0	(6)	(1)	0	(7)	(2)	0	0	(2)	(9)
Assets and liabilities												
Segment assets	19,959	136	10,821	4,352	40,353	0	75,621	5,770	825	0	6,595	82,216
Government grant receivable												2,501
Unallocated assets												111
Total assets												84,828
Segment liabilities	16,278	238	6,362	1,308	40,559	0	64,745	4,013	498	0	4,511	69,256
Unallocated liabilities												217
Total liabilities												69,473
Capital additions	617	0	308	76	0	0	1,001	348	12	0	360	1,361

26. SEGMENTAL INFORMATION (*continued*)

2019/2020	*Housing*							*Other Activities*				
	Home Ownership	*Upgrading*	*Residential Ancillary Functions*	*Rental Flats*	*Mortgage Financing*	*Eliminations*	*Total Housing*	*Other Rental and Related Businesses*	*Agency and Others*	*Eliminations*	*Total Other Activities*	*Group*
	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M
Sale proceeds	3,590	0	82	0	0	0	3,672	0	0	0	0	3,672
Less: CPF Housing Grant (Notes 2.19(*a*) and 2.24)	(222)	0	0	0	0	0	(222)	0	0	0	0	(222)
Net sale proceeds	3,368	0	82	0	0	0	3,450	0	0	0	0	3,450
Cost of sales before net increase in provision for foreseeable loss	(4,089)	0	(100)	0	0	15	(4,174)	0	0	0	0	(4,174)
Gross (loss)/profit on sales	(721)	0	(18)	0	0	15	(724)	0	0	0	0	(724)
Net increase in provision for foreseeable loss	(818)	0	0	0	0	0	(818)	0	0	0	0	(818)
Gross (loss)/profit after net increase in provision for foreseeable loss	(1,539)	0	(18)	0	0	15	(1,542)	0	0	0	0	(1,542)
External income:												
Interest income	0	1	0	0	1,057	0	1,058	0	2	0	2	1,060
Other income	206	47	765	62	9	0	1,089	796	227	0	1,023	2,112
Inter-segment	0	0	19	0	0	(19)	0	11	14	(24)	1	1
Total income	206	48	784	62	1,066	(19)	2,147	807	243	(24)	1,026	3,173
Net (deficit)/surplus before government grant and taxation	(2,232)	(440)	(312)	(115)	(21)	16	(3,104)	454	17	(22)	449	(2,655)
Government grant												2,692
Net surplus before taxation and transfer to reserves												37
Taxation												(4)
Net surplus for the year before transfer to reserves												33

26. SEGMENTAL INFORMATION (*continued*)

2019/2020	*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	(59)	(1)	(143)	(28)	(1,022)	0	(1,253)	(50)	(1)	0	(51)	(1,304)
CPF Housing Grant (Note 2.24)	(631)	0	0	0	0	0	(631)	0	0	0	0	(631)
Upgrading	0	(363)	0	(3)	0	0	(366)	(6)	0	0	(6)	(372)
Improvements and demolition	0	(28)	(107)	(3)	0	3	(135)	(21)	(2)	0	(23)	(158)
Depreciation	(72)	0	(190)	(76)	(1)	0	(339)	(90)	(24)	0	(114)	(453)
Allowance for impairment losses on loans receivable and debtors	0	0	0	6	3	0	9	8	0	0	8	17
Assets and liabilities												
Segment assets	21,925	105	10,957	4,264	40,258	0	77,509	5,904	903	0	6,807	84,316
Government grant receivable												3,273
Unallocated assets												64
Total assets												87,653
Segment liabilities	18,543	237	6,774	1,444	40,374	0	67,372	4,108	620	0	4,728	72,100
Unallocated liabilities												199
Total liabilities												72,299
Capital additions	1,096	0	308	45	0	0	1,449	159	2	0	161	1,610

27. COMMITMENTS

(*a*) *Building project commitments*

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

	Group and HDB	
	2019/2020	*2018/2019*
	$'000	$'000
Authorised and contracted for	7,028,918	6,967,003
Authorised but not contracted for	3,299,797	2,967,041
	10,328,715	9,934,044

(*b*) *Operating lease arrangements — as lessor*

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

	Group		*HDB*	
	2019/2020	*2018/2019*	*2019/2020*	*2018/2019*
	$'000	$'000	$'000	$'000
Within 1 year	79,128	84,700	76,981	78,491
After 1 year but within 5 years	69,474	66,823	69,472	65,116
After 5 years	0	0	0	0
	148,602	151,523	146,453	143,607

(*c*) Operating lease arrangements — as lessee

The Group leases properties and equipment from non-related parties. The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at 31 March 2019 but not recognised as liabilities are as follows:

	Group	*HDB*
	2018/2019	*2018/2019*
	$'000	$'000
Within 1 year	14,073	5,470
After 1 year but within 5 years	16,372	5,468
After 5 years	0	0
	30,445	10,938

28. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases properties and equipment from non-related parties. Set out below are the carrying amounts of right-of-use assets recognised and the movements as at 31 March 2020:

	Group 31 March 2020 $'000				*HDB* 31 March 2020 $'000			
	Buildings	*Plant and Machinery*	*Office Equipment*	*Total*	*Buildings*	*Plant and Machinery*	*Office Equipment*	*Total*
As at 1 April	36,227	8,569	1,228	46,024	2,739	8,569	11	11,319
Additions	3,067	2,351	56	5,474	0	2,351	22	2,373
Depreciation	(8,705)	(4,689)	(530)	(13,924)	(645)	(4,689)	(8)	(5,342)
As at 31 March	30,589	6,231	754	37,574	2,094	6,231	25	8,350

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group 31 March 2020	*HDB* 31 March 2020
	$'000	$'000
As at 1 April	46,337	11,319
Additions	5,920	2,373
Accretion of interest (Note 21)	1,322	234
Payments	(14,291)	(5,404)
As at 31 March	39,288	8,522
Current	13,210	4,650
Non-current	26,078	3,872

The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for leases with lease terms of 12 months or less and leases of equipment with low-value. The expenses for short-term leases and leases of low-value assets are disclosed in Note 22.

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 $148 million (2018/2019: $137 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.

30. OUTBREAK OF CORONAVIRUS DISEASE

The outbreak of Coronavirus Disease (COVID-19) in Singapore in early 2020 has created a high level of uncertainty to the near-term global economic prospects and caused disruptions to various businesses. A series of measures have been implemented by the Singapore Government to mitigate the effects of the outbreak on the economy.

The COVID-19 outbreak has no material adverse effect on the Group's results for the financial year ended 31 March 2020. The HDB continues to support the Government in implementing the various assistance measures to its customers. The financial impact of the assistance measures and the COVID-19 outbreak will be reflected in the Group's results in the next financial year.

31. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2020 were authorised for issue by members of its Board on 28 July 2020.