

# FINANCIAL SECTOR DEVELOPMENT FUND

## INCOME STATEMENT

<b>For the year ended 31 March</b>	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest Income	23,239	19,607
Dividend Income	96,754	45,283
Gains from Financial Instruments Designated at Fair Value	20,058	13,907
Foreign Exchange Loss	(25,296)	(5,933)
Other Income	170	52
<b>Total Income</b>	<b>114,925</b>	<b>72,916</b>
<u>Less:</u>		
Investment Expenses	3,085	2,617
Grants	20,022	27,807
<b>Total Expenditure</b>	<b>23,107</b>	<b>30,424</b>
<b>Net Surplus for the Year</b>	<b>91,818</b>	<b>42,492</b>

The accompanying notes form an integral part of these financial statements.

**FINANCIAL SECTOR DEVELOPMENT FUND  
BALANCE SHEET**

<b>As at 31 March</b>	<b>Note</b>	<b>2008</b>	<b>2007</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>ACCUMULATED FUND</b>			
Capital Account	3	471,635	471,635
Accumulated Surplus		399,895	308,077
		<b>871,530</b>	<b>779,712</b>
 <u>Represented by:</u>			
<b>ASSETS</b>			
Bank Balances and Deposits	5	172,872	433,513
Financial Assets at Fair Value through Profit or Loss	5	710,246	365,096
Advances and Receivables	5	18,361	8,389
		901,479	806,998
 <u>Less:</u>			
<b>LIABILITIES</b>			
Financial Liabilities at Fair Value through Profit or Loss	5	1,953	469
Accruals and Other Liabilities	5	27,996	26,817
		29,949	27,286
 <b>NET ASSETS OF THE FUND</b>		<b>871,530</b>	<b>779,712</b>

The accompanying notes form an integral part of these financial statements.

**GOH CHOK TONG  
CHAIRMAN  
MONETARY AUTHORITY OF SINGAPORE  
23 JUNE 2008**

**HENG SWEE KEAT  
MANAGING DIRECTOR  
MONETARY AUTHORITY OF SINGAPORE  
23 JUNE 2008**

**FINANCIAL SECTOR DEVELOPMENT FUND**  
**STATEMENT OF CHANGES IN EQUITY**

	<b>Capital Account \$'000</b>	<b>Accumulated Surplus \$'000</b>	<b>Total \$'000</b>
Balance as at 1 April 2006	471,635	265,585	737,220
Net Surplus for the Year	-	42,492	42,492
<b>Balance as at 31 March 2007</b>	<u>471,635</u>	<u>308,077</u>	<u>779,712</u>
Net Surplus for the Year	-	91,818	91,818
<b>Balance as at 31 March 2008</b>	<u><u>471,635</u></u>	<u><u>399,895</u></u>	<u><u>871,530</u></u>

The accompanying notes form an integral part of these financial statements.

## FINANCIAL SECTOR DEVELOPMENT FUND CASH FLOW STATEMENT

<b>For the year ended 31 March</b>	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash Flows from Operating Activities</b>		
Surplus for the Year	91,818	42,492
Adjustments for:		
Gains from Financial Instruments Designated at Fair Value	(20,058)	(13,907)
Interest Income	(23,239)	(19,607)
Dividend Income	(96,754)	(45,283)
<b>Operating Cash Flows before Changes in Working Capital</b>	<b>(48,233)</b>	<b>(36,305)</b>
(Increase) / Decrease in Advances and Receivables	(152)	814
Increase in Accruals and Other Liabilities	4,587	642
<b>Net Cash used in Operating Activities</b>	<b>(43,798)</b>	<b>(34,849)</b>
<b>Cash Flows from Investing Activities</b>		
Net (Increase) / Decrease in Financial Instruments at Fair Value	(331,597)	83,259
Dividend Received from Investments	1,800	2,421
Interest Received	17,957	19,907
<b>Net Cash (used in) / generated from Investing Activities</b>	<b>(311,840)</b>	<b>105,587</b>
<b>Cash Flows from Financing Activities</b>		
Dividend Received on SGX Shares	94,997	45,623
<b>Net Cash generated from Financing Activities</b>	<b>94,997</b>	<b>45,623</b>
<b>Net (Decrease) / Increase in Bank Balances and Deposits</b>	<b>(260,641)</b>	<b>116,361</b>
<b>Bank Balances and Deposits as at beginning of the year</b>	<b>433,513</b>	<b>317,152</b>
<b>Bank Balances and Deposits as at end of the year</b>	<b>172,872</b>	<b>433,513</b>

The accompanying notes form an integral part of these financial statements.

# FINANCIAL SECTOR DEVELOPMENT FUND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

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

## 1 GENERAL

The Financial Sector Development Fund (hereinafter called the Fund) is established under Section 30A of the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition). It is controlled and administered by the Authority. The Authority provides administrative and accounting support to the Fund. The Fund shall be used for the objects and purposes set out in Section 30B of the Act, namely,

- a) the promotion of Singapore as a financial centre;
- b) the development and upgrading of skills and expertise required by the financial services sector;
- c) the development and support of educational and research institutions, research and development programmes and projects relating to the financial services sector; and
- d) the development of infrastructure to support the financial services sector in Singapore.

The Fund shall be deemed not to be a fund of the Authority for the purposes of any written law.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

- a) The financial statements have been prepared in accordance with the provisions of the Monetary Authority of Singapore Act (Chapter 186, 1999 Revised Edition) and the Singapore Financial Reporting Standards (FRS) and on an accrual basis.
- b) The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Fund's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenditure during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.
- c) The financial statements are presented in Singapore dollars, the Fund's functional currency, and rounded to the nearest thousand, unless otherwise stated.

- d) The following interpretations to FRS (“INT FRS”) are applicable in the current financial year.

INT FRS 109 (issued in 2006)      Reassessment of Embedded Derivatives

INT FRS 109 mainly clarifies the application of FRS 39 “Financial Instruments: Recognition and Measurement” in accounting for embedded derivatives and have no significant impact on the Fund’s financial statements.

## 2.2 Income recognition

- a) Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period to the net carrying amount.

- b) Dividend income

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

## 2.3 Financial assets

- a) Classification

The Fund’s investments in financial assets are classified as financial assets at fair value through profit or loss and advances and receivables.

- i) Financial assets at fair value through profit or loss are financial derivatives or financial assets other than advances and receivables, designated by management as such on initial recognition as it results in more relevant information, because they are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information is provided internally on that basis to management and the Investment Working Committee. They include fixed income securities and equities. Financial derivatives are used to manage exposures to foreign exchange and interest rate risks arising from investment activities and can be used for trading.
- ii) Advances and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

- b) Recognition and Derecognition

Purchases and sales of investments are recognised on the date when the Fund commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

c) Initial and Subsequent Measurements

Financial assets at fair value through profit or loss and financial derivatives are initially recognised and subsequently measured at fair value with changes in fair value and profit/loss on disposal included in the income statement in the period in which they arise. Advances and receivables are carried at amortised cost and approximate their fair values.

d) Fair Value Determination

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices or dealer quotes at the balance sheet date. The quoted market price used for a financial asset is the current bid price where available; else the latest closing price is used; and the appropriate quoted market price for a financial liability is the current ask price. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at balance sheet date.

e) Impairment

The Fund assesses at each balance sheet date whether there is objective evidence that an impairment loss on advances and receivables has been incurred. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Impairment losses, if any, are recognised in the income statement for the period.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for advances and receivables no longer exist or have decreased. The reversal, if any, is recognised in the income statement. However, the increase in the carrying amount of advances and receivables due to a reversal of an impairment is recognised to the extent that it does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment losses been recognised for the advances and receivables in prior years.

2.4 Financial Liabilities

The Fund classifies its financial liabilities in the following categories: (a) financial derivatives; and (b) accruals and other liabilities. Financial derivatives - liabilities, classified as fair value through profit or loss, are carried at fair value, with changes in fair value recognised in fair value gain/loss through profit or loss in the income statement. Accruals and other liabilities, are carried at amortised cost using the effective interest method.

A financial liability is derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

## 2.5 Offsetting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, there is a legally enforceable right to set off the amounts and an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards.

## 2.6 Foreign Currency Translation

Transactions in a foreign currency are measured using the exchange rate prevailing at the date of the transaction. Foreign exchange gain/loss resulting from the settlement of such transactions and the translation of assets and liabilities denominated in foreign currencies, into Singapore dollars, at the exchange rate prevailing at the balance sheet date, are recognised in the income statement.

## 3 **CAPITAL ACCOUNT**

- a) The Capital Account is funded from the net sale proceeds of the Singapore Exchange Limited's (SGX) shares.
- b) As at 31 March 2008, SEL Holdings Pte Ltd (SEL) holds 249,991,184 SGX shares for the benefit of the Fund as stipulated under Section 11(2) of the Exchanges (Demutualisation and Merger) Act (Chapter 99B, 2000 Revised Edition). These SGX shares held have a market valuation of \$1.9 billion as at 31 March 2008 (31 March 2007: \$1.6 billion). In the event of a sale, net sale proceeds of these shares (after deducting expenses allowed under Section 10(1) and the par value of those shares) shall be paid by SEL into the Fund under Section 10(2) of the Exchanges (Demutualisation and Merger) Act (Chapter 99B, 2000 Revised Edition).

## 4 **FINANCIAL DERIVATIVES: ASSETS/LIABILITIES**

Derivative financial instruments are financial instruments whose values fluctuate in response to changes in the values of the underlying assets, interest or exchange rates or indices and include forwards, futures, options and swaps. These instruments allow the Fund to transfer, modify or reduce their foreign exchange and interest rate risks.

*Forward foreign exchange* contracts are agreements to purchase or sell fixed amounts of currency at agreed rates of exchange on a specified future date.

*Interest rate futures* are typically exchange-traded agreements to purchase or sell a standard amount of a specified fixed income security or time deposit at an agreed interest rate on a standard future date.

*Interest rate options* give the buyer on payment of a premium the right, but not the obligation, to fix the rate of interest on a future deposit or loan, for a specified period commencing on a specified future date.



*Interest rate forwards* are contracts to purchase or sell an underlying fixed income security at an agreed price on a specified future date.

*Interest rate swaps* involve the exchange of interest obligations with a counterparty for a specified period without exchanging the underlying (or notional) principal.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cashflows involved or the current fair value of the instrument and, therefore, do not indicate the Fund's exposure to credit or price risks. The fair values of derivative instruments are normally zero or negligible at inception and the subsequent change in value is favourable (derivative assets) or unfavourable (derivative liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments, the extent to which the instruments are favourable and unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

- 4.1 The contractual or underlying principal amounts of the derivative financial instruments and their corresponding gross positive (derivative receivable) and negative (derivative payable) fair values at balance sheet date, are analysed below. The notional or contractual amounts indicate the volume of transactions outstanding at the balance sheet date:

	2008			2007		
	Contract or underlying principal amount \$'000	Fair Value		Contract or underlying principal amount \$'000	Fair Value	
		Receivable \$'000	Payable \$'000		Receivable \$'000	Payable \$'000
<b>Foreign exchange contracts</b>						
Forwards	223,168	558	937	153,789	91	-
<b>Interest rate contracts</b>						
Futures purchased	93,285	453	2	411,369	30	372
Futures sold	16,964	149	45	9,414	28	-
Options purchased	3,696	1	642	827	62	-
Options sold	120	-	3	-	-	-
Forwards purchased	49,738	566	57	35,818	-	97
Swaps	2,619	-	267	-	-	-
	<b>389,590</b>	<b>1,727</b>	<b>1,953</b>	<b>611,217</b>	<b>211</b>	<b>469</b>

## **5 FINANCIAL RISK MANAGEMENT**

- 5.1 Two committees, the Advisory Committee and Investment Working Committee which include members from the financial industry, advise on the usage and administration of the Fund, and manage its investments and risk management strategies respectively.
- 5.2 The Fund's investments are mainly in financial instruments, which are exposed to various specific risks outlined below. These risks are managed by establishing specific controls at the aggregate and individual portfolio levels, through diversification and regular monitoring.
- 5.3 Market Risk
- a) Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes currency, interest rate and other price risks.
- b) Market risks are managed through regular monitoring of the market risk exposure of the Fund's investments, the diversification of the Fund's investments across different markets and currencies and the establishment of risk controls at both the aggregate and individual portfolio levels.

5.3 c) **Currency Risk**

Currency risk is the risk of loss from foreign assets and liabilities due to changes in foreign exchange rates.

The carrying amounts of assets and liabilities are denominated in the following currencies:

\$ '000	Note	SGD	USD	EUR	JPY	Asia Pacific Currencies	Others	Total
<b>2008</b>								
<b>ASSETS</b>								
<b>Bank Balances and Deposits</b>		113,954	42,867	9,027	204	2,923	3,897	172,872
<b>Financial Assets at Fair Value through Profit or Loss</b>								
Financial Derivatives Receivable	4.1	-	7,351	(30,007)	38,215	1,661	(15,493)	1,727
Fixed Income Securities		83,809	263,244	130,629	47,242	5,288	54,149	584,361
Equities		7,955	48,219	-	-	67,984	-	124,158
		91,764	318,814	100,622	85,457	74,933	38,656	710,246
<b>Advances and Receivables</b>								
Prepayments and Other Receivables		868	9,753	2,878	118	1,038	1,206	15,861
Receivables from SEL Holdings Pte Ltd		2,500	-	-	-	-	-	2,500
		3,368	9,753	2,878	118	1,038	1,206	18,361
<b>Total</b>		<b>209,086</b>	<b>371,434</b>	<b>112,527</b>	<b>85,779</b>	<b>78,894</b>	<b>43,759</b>	<b>901,479</b>
<b>LIABILITIES</b>								
<b>Financial Liabilities at Fair Value through Profit or Loss</b>								
Financial Derivatives Payable	4.1	-	25,538	(11,011)	1,412	(5,981)	(8,005)	1,953
<b>Accruals and Other Liabilities</b>								
Accounts Payable - Grants		24,075	-	-	-	-	-	24,075
Other Payables		1,367	1,179	-	-	1,375	-	3,921
		25,442	1,179	-	-	1,375	-	27,996
<b>Total</b>		<b>25,442</b>	<b>26,717</b>	<b>(11,011)</b>	<b>1,412</b>	<b>(4,606)</b>	<b>(8,005)</b>	<b>29,949</b>
<b>2007</b>								
<b>ASSETS</b>								
<b>Bank Balances and Deposits</b>		420,272	7,417	1,204	2,463	325	1,832	433,513
<b>Financial Assets at Fair Value through Profit or Loss</b>								
Financial Derivatives Receivable	4.1	37	2,751	(11,093)	21,770	(1,167)	(12,087)	211
Fixed Income Securities		130,258	40,931	58,142	5,047	3,645	19,899	257,922
Equities		5,844	36,135	-	-	64,984	-	106,963
		136,139	79,817	47,049	26,817	67,462	7,812	365,096
<b>Advances and Receivables</b>								
Prepayments and Other Receivables		3,200	427	1,179	21	728	334	5,889
Receivables from SEL Holdings Pte Ltd		2,500	-	-	-	-	-	2,500
		5,700	427	1,179	21	728	334	8,389
<b>Total</b>		<b>562,111</b>	<b>87,661</b>	<b>49,432</b>	<b>29,301</b>	<b>68,515</b>	<b>9,978</b>	<b>806,998</b>
<b>LIABILITIES</b>								
<b>Financial Liabilities at Fair Value through Profit or Loss</b>								
Financial Derivatives Payable	4.1	-	452	17	-	-	-	469
<b>Accruals and Other Liabilities</b>								
Accounts Payable - Grants		19,489	-	-	-	-	-	19,489
Other Payables		6,434	195	80	-	619	-	7,328
		25,923	195	80	-	619	-	26,817
<b>Total</b>		<b>25,923</b>	<b>647</b>	<b>97</b>	<b>-</b>	<b>619</b>	<b>-</b>	<b>27,286</b>

The carrying amounts of advances and receivables and accruals and other liabilities approximate their fair value.

5.3 d) Interest Rate Risk

Interest rate risk is the risk of loss from a financial instrument due to changes in market interest rates. The Fund manages interest rate risks by setting duration limits on its investments. The table below summarises the Fund's exposure to interest rate re-pricing risks, categorised by the earlier of contractual re-pricing or maturity dates.

	Non-Interest Bearing	Earlier of Repricing/Contractual Maturity Date				Total
		Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	
<b>\$'000</b>						
<b>2008</b>						
<b>ASSETS</b>						
Bank Balances and Deposits	32,771	140,101	-	-	-	172,872
<b>Financial Assets at Fair Value through Profit or Loss</b>						
Financial Derivatives Receivable	1,727	-	-	-	-	1,727
Fixed Income Securities	-	21,625	15,722	207,152	339,862	584,361
Equities	124,158	-	-	-	-	124,158
	125,885	21,625	15,722	207,152	339,862	710,246
<b>Advances and Receivables</b>						
Prepayments and Other Receivables	10,348	5,513	-	-	-	15,861
Receivables from SEL Holdings Pte Ltd	2,500	-	-	-	-	2,500
	12,848	5,513	-	-	-	18,361
	171,504	167,239	15,722	207,152	339,862	901,479
<b>LIABILITIES</b>						
<b>Financial Liabilities at Fair Value through Profit or Loss</b>						
Financial Derivatives Payable	1,686	267	-	-	-	1,953
<b>Accruals and Other Liabilities</b>						
Accounts Payable - Grants	24,075	-	-	-	-	24,075
Other Payables	3,921	-	-	-	-	3,921
	27,996	-	-	-	-	27,996
	29,682	267	-	-	-	29,949
<b>2007</b>						
<b>ASSETS</b>						
Bank Balances and Deposits	107,746	325,767	-	-	-	433,513
<b>Financial Assets at Fair Value through Profit or Loss</b>						
Financial Derivatives Receivable	211	-	-	-	-	211
Fixed Income Securities	-	5,220	28,383	107,746	116,573	257,922
Equities	106,963	-	-	-	-	106,963
	107,174	5,220	28,383	107,746	116,573	365,096
<b>Advances and Receivables</b>						
Prepayments and Other Receivables	5,889	-	-	-	-	5,889
Receivables from SEL Holdings Pte Ltd	2,500	-	-	-	-	2,500
	8,389	-	-	-	-	8,389
	223,309	330,987	28,383	107,746	116,573	806,998
<b>LIABILITIES</b>						
<b>Financial Liabilities at Fair Value through Profit or Loss</b>						
Financial Derivatives Payable	469	-	-	-	-	469
<b>Accruals and Other Liabilities</b>						
Accounts Payable - Grants	19,489	-	-	-	-	19,489
Other Payables	7,328	-	-	-	-	7,328
	26,817	-	-	-	-	26,817
	27,286	-	-	-	-	27,286

5.3 e) **Effective Interest Rate**

The table below summarises the effective average interest rate by major currencies for financial assets and liabilities.

%	SGD	USD	EUR	JPY
<b>2008</b>				
<b><u>Financial Assets</u></b>				
<b>Bank Balances and Deposits</b>	1.31	3.00	-	-
<b>Financial Assets at Fair Value through Profit or Loss</b>				
Fixed Income Securities	3.11	5.53	4.45	1.63
<b>2007</b>				
<b><u>Financial Assets</u></b>				
<b>Bank Balances and Deposits</b>	2.74	5.35	-	-
<b>Financial Assets at Fair Value through Profit or Loss</b>				
Fixed Income Securities	3.38	4.26	3.96	1.56

#### 5.4 Credit Risk

- a) Credit risk is the risk of loss arising from a party's failure to discharge an obligation under a financial contract and includes counterparty, custodian and issuer credit risks.
- b) The Fund's credit risks are managed by transacting with well-rated entities within assigned limits. Credit risks are also mitigated by diversifying credit exposures across counterparties and issuers.
- c) The Fund manages issuer credit risk by imposing minimum credit rating requirements on the investment of its fixed income securities, the selection of counterparties and custodians. Single issuer limits are placed to control the credit exposure to any one issuer and to mitigate the extent of loss resulting from a default.
- d) The carrying amounts of bank balances, deposits, financial derivatives, fixed income securities and advances and receivables represent their maximum credit exposure.
- e) The credit exposure of the Fund's fixed income securities is analysed below:

%	Credit Ratings			Total
	AAA	AA+ to BBB-	Others	
<b>2008</b>				
<b>Financial Assets at Fair Value through Profit or Loss</b>				
Fixed Income Securities	43	47	10	100
<b>2007</b>				
<b>Financial Assets at Fair Value through Profit or Loss</b>				
Fixed Income Securities	66	25	9	100

5.5 **Liquidity Risk**

Liquidity risk is the risk that there will be difficulty in selling a financial asset at close to its fair value at short notice to meet liabilities falling due. The Fund manages liquidity risk through cashflow projections, by investing mostly in liquid financial instruments and markets, and imposing limits on investments to ensure adequate diversification of cashflow sources. The table below analyses assets and liabilities of the Fund into maturity time bands based on the remaining time to contractual maturity as at balance sheet date.

	No Specific Maturity	Contractual Maturity Date				Total
		Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	
<b>\$'000</b>						
<b>2008</b>						
<b>ASSETS</b>						
Bank Balances and Deposits	40,772	132,100	-	-	-	172,872
<b>Financial Assets at Fair Value through Profit or Loss</b>						
Financial Derivatives Receivable	-	1,354	373	-	-	1,727
Fixed Income Securities	-	9,469	14,940	199,488	360,464	584,361
Equities	124,158	-	-	-	-	124,158
	124,158	10,823	15,313	199,488	360,464	710,246
<b>Advances and Receivables</b>						
Prepayments and Other Receivables	167	15,694	-	-	-	15,861
Receivables from SEL Holdings Pte Ltd	2,500	-	-	-	-	2,500
	2,667	15,694	-	-	-	18,361
	167,597	158,617	15,313	199,488	360,464	901,479
<b>LIABILITIES</b>						
<b>Financial Liabilities at Fair Value through Profit or Loss</b>						
Financial Derivatives Payable	-	1,638	48	-	267	1,953
<b>Accruals and Other Liabilities</b>						
Accounts Payable - Grants	24,075	-	-	-	-	24,075
Other Payables	2	3,919	-	-	-	3,921
	24,077	3,919	-	-	-	27,996
	24,077	5,557	48	-	267	29,949
<b>2007</b>						
<b>ASSETS</b>						
Bank Balances and Deposits	118,012	315,501	-	-	-	433,513
<b>Financial Assets at Fair Value through Profit or Loss</b>						
Financial Derivatives Receivable	-	88	123	-	-	211
Fixed Income Securities	-	1,716	27,017	101,831	127,358	257,922
Equities	106,963	-	-	-	-	106,963
	106,963	1,804	27,140	101,831	127,358	365,096
<b>Advances and Receivables</b>						
Prepayments and Other Receivables	53	5,836	-	-	-	5,889
Receivables from SEL Holdings Pte Ltd	2,500	-	-	-	-	2,500
	2,553	5,836	-	-	-	8,389
	227,528	323,141	27,140	101,831	127,358	806,998
<b>LIABILITIES</b>						
<b>Financial Liabilities at Fair Value through Profit or Loss</b>						
Financial Derivatives Payable	-	198	271	-	-	469
<b>Accruals and Other Liabilities</b>						
Accounts Payable - Grants	19,489	-	-	-	-	19,489
Other Payables	-	7,328	-	-	-	7,328
	19,489	7,328	-	-	-	26,817
	19,489	7,526	271	-	-	27,286

## 6 RELATED PARTY TRANSACTIONS

- a) During the financial year, the Fund had the following transactions with related parties, namely, members of the Fund's Advisory Committee and Investment Working Committee or the financial institutions that they are related to. The following transactions were made in the ordinary course of business and carried out at arm's length:

	<u>2008</u> \$'000	<u>2007</u> \$'000
Grants to:		
Singapore Exchange Limited	1,469	2,536
Deutsche Bank AG	750	3,359
United Overseas Bank Group	457	168
Oversea-Chinese Banking Corporation Limited	248	129
Association of Banks in Singapore	127	934
Monetary Authority of Singapore	115	-

- b) A financial institution, related to a member of the FSDF Advisory Committee as at 31 March 2008, manages \$164.1 million (31 March 2007: \$139.4 million) of the Fund.

## 7 COMMITMENTS

The Fund has outstanding commitments, amounting to \$49.0 million in respect of grants approved but not accrued as at 31 March 2008 (31 March 2007: \$59.6 million).

## 8 NEW ACCOUNTING STANDARDS

- a) The following accounting standards have been issued as of the balance sheet date but are effective for accounting periods beginning on or after the dates mentioned below:

FRS 1 (revised)	Presentation of Financial Statements (1 January 2008)
FRS 107	Financial Instruments: Disclosures (1 January 2008)

- b) The amendment to FRS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The impact of the amendment to FRS 1 is additional disclosure of the Fund's policies and processes for managing capital and is not expected to have material financial impact on the Fund.
- c) FRS 107 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including credit risk, liquidity risk and market risk and sensitivity analysis to market risk. It replaces the disclosure requirements in FRS 32 Financial Instruments: Disclosure and Presentation.



Compliance with this new FRS is not expected to have material financial impact but will increase disclosures on the nature and extent of risks arising from the Fund's financial assets and liabilities and how the Fund manages these risks.

## **9 COMPARATIVE FIGURES**

Comparative figures have been reclassified to conform with the presentation in the current year.

## **10 AUTHORISATION OF FINANCIAL STATEMENTS**

The financial statements for the year ended 31 March 2008 were authorised by the Minister-in-Charge for issuance and signed by Chairman and Managing Director of Monetary Authority of Singapore on 23 June 2008.