

ANNUAL REPORT

For the financial year ended 31 March 2008

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

(Incorporated in Singapore. Registration Number: 200600593Z)

DEPOSIT INSURANCE FUND

(Established under Deposit Insurance Act Cap 77A)

ANNUAL REPORT

For the financial year ended 31 March 2008

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

(Incorporated in Singapore. Registration Number: 200600593Z)

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED
(Incorporated in Singapore)

ANNUAL REPORT

For the financial year ended 31 March 2008

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SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

DIRECTORS' REPORT

For the financial year ended 31 March 2008

The directors present their report to the members together with the audited financial statements of the Company for the financial year ended 31 March 2008.

Directors

The directors in office at the date of this report are as follows:

Mr James Koh Cher Siang (Chairman)
Mr Ron Foo Siang Guan
Mr Han Eng Juan
Professor Hong Hai
Mr Law Song Keng
Mr Thean Lip Ping

Arrangements to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

The Company is a public company limited by guarantee and has no share capital. There were also no debentures in issue in the Company at the end of the financial year.

Dividends

In accordance with the Memorandum of Association of the Company, no dividends shall be paid to its members.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

DIRECTORS' REPORT

For the financial year ended 31 March 2008


Share options

The Company is a company limited by guarantee. As such, there are no share options or unissued ordinary shares.

Independent auditor

The independent auditor, PricewaterhouseCoopers, has expressed its willingness to accept re-appointment.

On behalf of the directors



JAMES KOH CHER SIANG
Director

30 May 2008



LAW SONG KENG
Director

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2008

In the opinion of the directors,

- (a) the financial statements as set out on pages 5 to 17 are drawn up so as to give a true and fair view of the state of affairs of the Company at 31 March 2008 and of the results and cash flows of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors



JAMES KOH CHER SIANG
Director



LAW SONG KENG
Director

30 May 2008

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED**

We have audited the financial statements of Singapore Deposit Insurance Corporation Limited (the "Company") set out on pages 5 to 17, which comprise the balance sheet as at 31 March 2008, the income and expenditure statement and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap. 50) (the "Act"), the Deposit Insurance Act (Cap.77A) (the "DI Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion,

- (a) the financial statements of the Company are properly drawn up in accordance with the provisions of the Act, the DI Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2008, and the results and cash flows of the Company for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing came to our notice that caused us to believe that the receipt, expenditure and investment of moneys and the acquisition and disposal of asset by the Company during the financial year have not been made in accordance with the provisions of the DI Act.


PricewaterhouseCoopers
Public Accountants and Certified Public Accountants

Singapore, 30 May 2008

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

INCOME AND EXPENDITURE STATEMENT

For the financial year ended 31 March 2008

	Note	2008 \$	2007 \$
Income from the Fund		1,790,028	809,655
Refund of goods and services tax	10	11,660	-
		<u>1,801,688</u>	<u>809,655</u>
Expenses			
- Employee compensation	3	629,179	486,053
- Depreciation	8	87,213	20,401
- Other expenses	4	1,085,296	303,201
Total expenses		<u>1,801,688</u>	<u>809,655</u>
Profit before income tax		-	-
Income tax expense	5	-	-
Net profit		<u>-</u>	<u>-</u>

*The accompanying notes form an integral part of these financial statements.
Independent Auditor's Report – Page 4.*

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED**BALANCE SHEET***For the financial year ended 31 March 2008*

	Note	2008 \$	2007 \$
ASSETS			
Current assets			
Cash & cash equivalents	6	183,929	57,367
Trade and other receivables	7	280,810	30,870
Prepayments		35,594	48,540
		<u>500,333</u>	<u>136,777</u>
Non-current assets			
Property, plant and equipment	8	<u>1,562,513</u>	<u>64,596</u>
Total assets		<u>2,062,846</u>	<u>201,373</u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	<u>2,062,846</u>	<u>201,373</u>
Total liabilities		<u>2,062,846</u>	<u>201,373</u>
NET ASSETS		<u>-</u>	<u>-</u>

*The accompanying notes form an integral part of these financial statements.
Independent Auditor's Report – Page 4.*

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

CASH FLOW STATEMENT

For the financial year ended 31 March 2008

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Net profit		-	-
Adjustments for:			
- Depreciation		87,213	20,401
		<u>87,213</u>	<u>20,401</u>
Change in working capital			
- Trade and other receivables		(249,940)	60,677
- Trade and other payables		1,861,473	128,037
- Other current assets		12,946	(43,458)
		<u>1,711,692</u>	<u>165,657</u>
Net cash provided by operating activities			
Cash flows from investing activity			
Purchase of property, plant and equipment		(1,587,481)	-
Refund of goods and services tax on property, plant and equipment		2,351	-
		<u>(1,585,130)</u>	<u>-</u>
Net cash used in investing activity			
Net increase in cash and cash equivalents		126,562	165,657
Cash and cash equivalents at beginning of financial year	6	<u>57,367</u>	<u>(108,290)</u>
Cash and cash equivalents at end of financial year	6	<u>183,929</u>	<u>57,367</u>

*The accompanying notes form an integral part of these financial statements.
Independent Auditor's Report – Page 4.*

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial 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 information

Singapore Deposit Insurance Corporation Limited (hereinafter called "the Company") is the company designated by the Minister under section 12 of the Deposit Insurance Act Cap 77A (the "DI Act") as the deposit insurance agency. The Company is incorporated under the Companies Act Cap. 50 on 13 January 2006 as a public company limited by guarantee and is domiciled in Singapore. The address of its registered office is 10 Shenton Way, #11-06, MAS Building, Singapore 079117.

The principal activities of the Company are the administration of the Deposit Insurance Scheme (the "Scheme") and the administration and management of the Deposit Insurance Fund (the "Fund") established under the DI Act.

The Scheme was established in Singapore for the benefit of insured depositors in respect of their insured deposits placed with Scheme members as specified in the DI Act.

The Fund, established under section 9 of the DI Act and subject to the directions of the Minister, is controlled and administered by the Company which is designated by the Minister under section 12 of the DI Act. All premium contributions and moneys receivable under the DI Act are payable into the Fund and all expenditure and other moneys as authorised under the DI Act are payable out of the Fund.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical 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 revenues and expenses 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 those estimates.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

There are no new or amended Standards and Interpretations effective in 2008 which are relevant to the Company.

2.2 Revenue recognition

Income from the Fund represents moneys recoverable from the Fund for all expenditure properly incurred and authorised under the DI Act.

Income from the Fund is recognised in the period in which the relevant expenditure is charged to the income and expenditure statement.

Grant received in respect of expenses incurred and authorised under the DI Act are recognised as a deduction against the expense.

2.3 Property, plant and equipment

(a) *Measurement*

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses (Note 2.5).

The cost of an item of property, plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) *Depreciation*

Software under development is not depreciated.

Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Furniture, fittings and other office equipment	3 to 5 years
Computer equipment and software	3 to 5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income and expenditure statement when the changes arise.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

2.3 Property, plant and equipment

(c) Subsequent expenditure

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 Company and the cost of the item can be reliably measured. All other repair and maintenance expense is recognised in the income and expenditure statement when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income and expenditure statement.

2.4 Trade and other payables

Trade and other payables are initially carried at fair value, and subsequently measured at amortised cost, using the effective interest method.

2.5 Impairment of assets

Property, plant and equipment are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income and expenditure statement.

An impairment loss for an asset is reversed if, and 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 an 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 accumulated 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.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

2.6 Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables include "cash and cash equivalents" and "trade and other receivables" in the balance sheet. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

These financial assets are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The carrying amount of these assets is reduced through the use of an impairment allowance account, which is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the income and expenditure statement.

2.7 Fair value estimation of financial assets and liabilities

The fair values of financial assets traded in active markets are based on quoted market bid-prices at the balance sheet date.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. For any such financial instruments, the Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

2.8 Operating lease payments

Leases of assets where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in the income and expenditure statement on a straight-line basis over the period of the lease.

When a lease is terminated before the lease period expires, any payment made (or received) by the Company as penalty is recognised as an expense (or income) when termination takes place.

2.9 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.10 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Company's contribution to the defined contribution plans are recognised in the financial period to which they relate.

(b) Employee leave entitlement

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

2.10 Employee compensation (continued)

(c) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.11 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Singapore Dollars, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Transactions denominated in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation at the closing rates at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure statement.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

2.12 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with the attached conditions. Government grants relating to costs are deferred and taken to the income and expenditure statement over the period necessary to match them with the costs they are intended to compensate. Government grants relating to assets are included in non-current liabilities as other liabilities and are recognised in the income and expenditure statement on a straight-line basis over the expected useful lives of the related assets.

2.13 Comparatives

Where necessary, comparative figures have been adjusted to conform with the changes in presentation in the current financial year.

The revised presentation does not result in a change in the net profit of the Company.

3. Employee compensation

	2008 \$	2007 \$
Wages and salaries	570,225	450,149
Employer's contribution to Central Provident Fund	35,296	30,058
Directors' fees	22,021	4,168
Other	1,637	1,678
	<u>629,179</u>	<u>486,053</u>

4. Other expenses

	2008 \$	2007 \$
Rental on operating leases – Office	66,098	58,365
Office maintenance	3,000	3,926
Telecommunication charges	2,475	2,448
Trade association membership	15,465	31,908
Travel	10,428	29,912
Audit fees	17,000	15,000
Legal, accounting and other fees	43,449	2,050
Company secretary fee	2,315	3,322
Consultancy fees	816,400	85,400
IT expenses	54,408	8,318
Publicity	44,500	39,420
Other	9,758	23,132
	<u>1,085,296</u>	<u>303,201</u>

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

5. Income tax expense

The expenses recovered from the Fund is not taxable as long as the income of the Fund is exempted from income tax.

6. Cash and cash equivalents

	2008 \$	2007 \$
Cash at bank and on hand	183,929	57,367

7. Trade and other receivables

	2008 \$	2007 \$
Receivable from the Fund	44,045	-
Grant receivable	-	15,970
Refundable deposits	38,169	14,900
Receivable from Comptroller of Goods and Services Tax	198,596	-
	280,810	30,870

Trade and other receivables are all-denominated in Singapore Dollar.

8. Property, plant and equipment

	Furniture, fittings and other office equipment \$	Computer equipment & software \$	Software under development \$	Total \$
2008				
<u>Cost</u>				
Beginning of financial year	69,238	20,859	-	90,097
Additions	-	416,781	1,170,700	1,587,481
Disposals (Note 10)	(1,358)	(993)	-	(2,351)
End of financial year	67,880	436,647	1,170,700	1,675,227
<u>Accumulated depreciation</u>				
Beginning of financial year	19,233	6,268	-	25,501
Depreciation charge	14,611	72,602	-	87,213
End of financial year	33,844	78,870	-	112,714
Net book value				
End of financial year	34,036	357,777	1,170,700	1,562,513

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

8. Property, plant and equipment (continued)

	Furniture, fittings and other office <u>equipment</u>	Computer equipment & <u>software</u>	Software under <u>development</u>	<u>Total</u>
	\$	\$	\$	\$
2007				
<u>Cost</u>				
Beginning of financial year	69,238	20,859	-	90,097
Additions	-	-	-	-
End of financial year	69,238	20,859	-	90,097
<u>Accumulated depreciation</u>				
Beginning of financial year	3,846	1,254	-	5,100
Depreciation charge	15,387	5,014	-	20,401
End of financial year	19,233	6,268	-	25,501
Net book value				
End of financial year	50,005	14,591	-	64,596

9. Trade and other payables

	2008 \$	2007 \$
Advance from Fund	-	159,655
Accrual for operating expenses	2,062,846	41,718
	2,062,846	201,373

Trade and other payables are all denominated in Singapore Dollar.

10. Goods and Services Tax ("GST")

During the financial year, remission of GST input tax was granted on all business purchases made by the Company on behalf of the Fund, in the period from the incorporation of the Company till the date when the Fund reaches the size of 0.3% of the insured deposit base or 12 years from the date of the inception of the Fund, whichever is the earlier.

11. Company limited by guarantee

The Company is a public company limited by guarantee and has no share capital. In the event of a winding-up of the Company, the liability of each of the 3 members of the Company is limited to such amount as may be required not exceeding the sum of \$1.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

12. Operating lease commitments

The Company leases office premises under non-cancellable operating lease agreement. The lease has ranging terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	2008 \$	2007 \$
Not later than one year	151,317	53,240
Later than one year but not later than five years	290,024	-
	<u>441,341</u>	<u>53,240</u>

13. Related party transactions

Key management personnel compensation is as follows:

	2008 \$	2007 \$
Salaries and other short-term employee benefits	279,109	237,597
Post-employment benefits - contribution to Central Provident Fund	6,502	6,501
	<u>285,611</u>	<u>244,098</u>

Included in the above was total compensation to directors of the Company amounting to \$22,021 (2007: \$4,168).

14. New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2008. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on the Company's financial statements.

15. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Singapore Deposit Insurance Corporation Limited on 30 May 2008.

ANNUAL REPORT

For the financial year ended 31 March 2008

DEPOSIT INSURANCE FUND

(Established under Deposit Insurance Act Cap 77A)

DEPOSIT INSURANCE FUND

(Established under Deposit Insurance Act Cap 77A)

ANNUAL REPORT

For the financial year ended 31 March 2008

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DEPOSIT INSURANCE FUND

STATEMENT BY SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

For the financial year ended 31 March 2008

In the opinion of the directors of Singapore Deposit Insurance Corporation Limited (the "Agency"),

- (a) the financial statements as set out on pages 3 to 14 are drawn up so as to present fairly, in all material respects, the state of affairs of the Deposit Insurance Fund (the "Fund") as at 31 March 2008, and the financial transactions, results, cash flows and changes in accumulated surplus for the financial year ended 31 March 2008 and have been prepared in accordance with the provisions of the Deposit Insurance Act Cap 77A; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they fall due.

On behalf of Singapore Deposit Insurance Corporation Limited



JAMES KOH CHER SIANG
Director



LAW SONG KENG
Director

30 May 2008

**INDEPENDENT AUDITOR'S REPORT TO
SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED**

We have audited the financial statements of Deposit Insurance Fund (the "Fund") set out on pages 3 to 14, which comprise the balance sheet as at 31 March 2008, the income and expenditure statement, statement of changes in accumulated surplus and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management of Singapore Deposit Insurance Corporation Limited (the "Agency") is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Deposit Insurance Act (Cap. 77) (the "DI Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the Agency, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion,

- (a) the financial statements of the Fund are properly drawn up in accordance with the provisions of the DI Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Fund as at 31 March 2008, and the results, changes in accumulated surplus and cash flows of the Fund for the financial year ended on that date; and
- (b) the accounting and other records have been properly kept, including records of all assets of the Fund whether purchased, donated or otherwise, in accordance with the provisions of the DI Act.

During the course of our audit, nothing came to our notice that caused us to believe that the receipt, expenditure and investment of moneys during the financial year have not been made in accordance with the provisions of the DI Act.


PricewaterhouseCoopers
Public Accountants and Certified Public Accountants

Singapore, 30 May 2008

DEPOSIT INSURANCE FUND

INCOME AND EXPENDITURE STATEMENT

For the financial year ended 31 March 2008

	Note	2008 \$	2007 \$
Income:			
Premium contributions		15,440,730	14,274,887
Interest income from investment securities		844,951	443,565
		<u>16,285,681</u>	<u>14,718,452</u>
Expenses:			
Expenditure incurred by Singapore Deposit Insurance Corporation Limited in carrying out the objects of the Deposit Insurance Act		(1,790,028)	(809,655)
Other expenses		(160)	(100)
Total expenses		<u>(1,790,188)</u>	<u>(809,755)</u>
Net surplus	3	<u>14,495,493</u>	<u>13,908,697</u>

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

DEPOSIT INSURANCE FUND

BALANCE SHEET

As at 31 March 2008

	Note	2008 \$	2007 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	2,146,464	271
Trade and other receivables	5	67,894	198,783
Financial assets, held-to-maturity	6	4,380,054	997,197
		<u>6,594,412</u>	<u>1,196,251</u>
Non-current assets			
Financial assets, held-to-maturity	6	21,777,959	12,654,660
		<u>28,372,371</u>	<u>13,850,911</u>
TOTAL ASSETS			
		<u>28,372,371</u>	<u>13,850,911</u>
LIABILITIES			
Current liabilities			
Trade and other payables	7	44,708	18,741
Total liabilities		<u>44,708</u>	<u>18,741</u>
NET ASSETS		<u>28,327,663</u>	<u>13,832,170</u>
ACCUMULATED SURPLUS		<u>28,327,663</u>	<u>13,832,170</u>

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

DEPOSIT INSURANCE FUND

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS

For the financial year ended 31 March 2008

	2008 \$	2007 \$
Beginning of financial year	13,832,170	(76,527)
Total recognised net surplus for the financial year	14,495,493	13,908,697
End of financial year	<u>28,327,663</u>	<u>13,832,170</u>

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

DEPOSIT INSURANCE FUND

CASH FLOW STATEMENT

For the financial year ended 31 March 2008

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Net surplus		<u>14,495,493</u>	<u>13,908,697</u>
Changes in working capital			
- Trade and other receivables		130,889	(198,783)
- Trade and other payables		<u>25,967</u>	<u>(57,786)</u>
Net cash provided by operating activities		<u>14,652,349</u>	<u>13,652,128</u>
Cash flows from investing activities			
Purchases of financial assets, held-to-maturity		<u>(12,506,156)</u>	<u>(13,651,857)</u>
Net cash used in investing activities		<u>(12,506,156)</u>	<u>(13,651,857)</u>
Net increase in cash and cash equivalents		2,146,193	271
Cash and cash equivalents at beginning of financial year	4	<u>271</u>	<u>-</u>
Cash and cash equivalents at end of financial year	4	<u>2,146,464</u>	<u>271</u>

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

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial 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 information

The Deposit Insurance Fund, established under section 9 of the Deposit Insurance Act Cap 77A (the "DI Act") and subject to the directions of the Minister, is controlled and administered by Singapore Deposit Insurance Corporation Limited (the "Agency") designated by the Minister under section 12 of the DI Act as the deposit insurance agency.

The Agency is incorporated under the Companies Act Cap. 50 on 13 January 2006 as a public company limited by guarantee and is domiciled in Singapore. The address of its registered office is 10 Shenton Way, #11-06, MAS Building, Singapore 079117.

The principal activities of the Agency are the administration of the Deposit Insurance Scheme (the "Scheme") and the administration and management of the Fund established under the DI Act.

The Scheme was established in Singapore for the benefit of insured depositors in respect of their insured deposits placed with Scheme members as specified in the DI Act.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are the responsibility of the Agency.

The preparation of these financial statements in conformity with FRS requires the Agency to exercise its judgement in the process of applying the Fund's accounting policies. It also requires the use of certain critical 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 revenues and expenses during the financial year. Although these estimates are based on the Agency's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

2.2 Revenue recognition

Premium contributions

Premium contributions, including moneys receivable under the DI Act, are recognised in the period in which the premium contributions are due, by reference to the written notices given by Singapore Deposit Insurance Corporation Limited to the Scheme members. Refunds of premium contributions are recognised in the period in which the notice to refund is received from the Monetary Authority of Singapore.

Interest income from investment securities

In accordance with FRS 39 Financial Instruments: Recognition and Measurement, interest income from investment securities is recognised in the income and expenditure statement for securities measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the securities. When calculating the effective interest rate, cash flows are estimated by considering the contractual terms of the securities, including transaction costs, premiums and discounts. For securities written down due to impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

2.3 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.4 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Fund has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. In particular, provision for liability to make:

- (a) compensation payment is recognised when the Agency receives notification from the Monetary Authority of Singapore under section 30 of the DI Act; and
- (b) refund of premium contributions received is recognised when the Agency receives notification from the Monetary Authority of Singapore under section 27 of the DI Act or receives approval under section 26 of the DI Act to refund or remit premium contributions.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

2.5 Financial assets

(a) Classification

Financial assets are classified in the following categories: loans and receivables and held-to-maturity. The classification depends on the purpose for which the assets were acquired. The Agency determines the classification of the financial assets at initial recognition.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

(ii) *Financial assets, held-to-maturity*

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Fund has the positive intention and ability to hold to maturity. If the Fund were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on value date - the date on which the sold assets are delivered and the purchased assets are paid for. Financial assets 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.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised to the income and expenditure statement. Any amount in the fair value reserve relating to that asset is transferred taken to the income and expenditure statement.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

2.5 Financial assets (continued)

(b) Recognition and derecognition (continued)

Trade receivables that are factored out to banks and other financial institutions with recourse are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

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

(d) Subsequent measurement

Loans and receivables and financial assets, held-to-maturity are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

The Agency assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The carrying amount of these assets is reduced through the use of an impairment allowance account, which is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the income and expenditure statement.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

2.5 Financial assets (continued)

(e) Impairment (continued)

(ii) Financial assets, held-to-maturity

If there is objective evidence that an impairment loss on held-to-maturity financial assets has incurred, the carrying amount of the asset is reduced by an allowance for impairment. This allowance, calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate, is recognised in the income and expenditure statement.

Impairment loss is reversed through the income and expenditure statement. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.6 Fair value estimation of financial assets and liabilities

The fair values of financial assets traded in active markets are based on quoted market bid-prices at the balance sheet date.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.7 Financial risk factors

The Fund is mainly exposed to interest rate risk.

Risk management is carried out under policies approved by the Agency.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

2. Significant accounting policies (continued)

2.7 Financial risk factors (continued)

Interest rate risk

The table below sets out the Fund's assets at carrying amounts, categorised by the maturity dates.

	<u>Up to 1 month</u>	<u>1 – 3 months</u>	<u>3 – 12 months</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Held-to-Maturity						
– Investments						
in Singapore						
Government						
Securities	4,380,054	-	-	-	21,777,959	26,158,013

2.8 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Singapore Dollars, which is the Fund's functional and presentation currency.

(b) *Transactions and balances*

Transactions denominated in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation at the closing rates at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure statement.

2.9 Comparatives

Where necessary, comparative figures have been adjusted to conform with the changes in presentation in the current financial year.

The revised presentation does not result in a change in the net profit of the Fund.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

3. Income tax

The Fund does not have taxable income for this financial year. The premium contributions paid by Scheme members are exempted from income tax. In addition, its investment income is exempted from income tax for 12 years or until the Fund reaches 0.3% of total insured deposits, whichever is earlier.

4. Cash and cash equivalents

	2008 \$	2007 \$
Cash at bank and on hand	<u>2,146,464</u>	<u>271</u>

Cash and cash equivalents are denominated in Singapore Dollar.

5. Trade and other receivables

	2008 \$	2007 \$
Advance to Agency	-	159,655
Interest receivable	66,905	39,128
Other receivables	989	-
	<u>67,894</u>	<u>198,783</u>

Trade and other receivables are all denominated in Singapore Dollar.

6. Financial assets, held-to-maturity

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Agency has the positive intention and the Fund has the ability to hold to maturity. These assets are initially recognised at fair value plus transaction costs, and are subsequently re-measured at amortised cost using the effective interest rate method.

The fair value of the held-to-maturity investments, measured by market bid prices, is \$27,735,000 (2007: \$14,374,000) as at 31 March 2008.

7. Trade and other payables

	2008 \$	2007 \$
Trade payable to the Agency	44,045	-
Other payable	663	18,741
	<u>44,708</u>	<u>18,741</u>

Trade and other payables are all denominated in Singapore Dollar.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2008

8. New or revised accounting standards and FRS interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2008. The Fund does not expect that adoption of these accounting standards or interpretations will have a material impact on the Fund's financial statements.

9. Authorisation of financial statements

These financial statements were authorised for issue by the directors of the Agency on 30 May 2008.