

FINANCIAL STATEMENTS



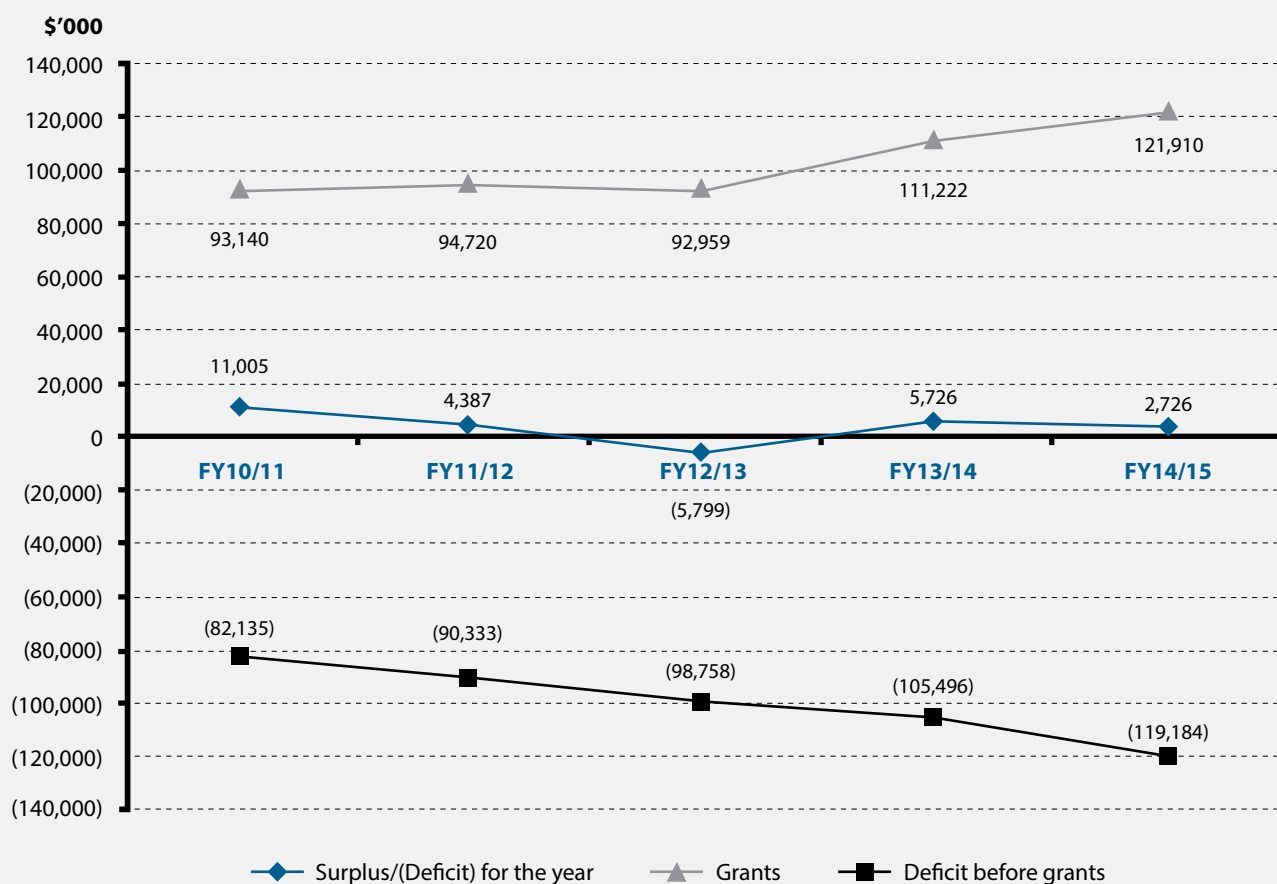
Five-Year Financial Summary of the Group	110
Financial Review	112
Statement by the Board	114
Independent Auditor's Report	115
Statements of Financial Position	117
Statements of Comprehensive Income	118
Statements of Changes in Equity	119
Consolidated Statement of Cash Flows	120
Notes to the Financial Statements	121

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

INCOME AND EXPENDITURE

	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15
	\$'000	\$'000	\$'000	\$'000	\$'000
Income	36,513	37,024	35,405	36,242	36,967
Grant	93,140	94,720	92,959	111,222	121,910
Total income	129,653	131,744	128,364	147,464	158,877
Expenditure	116,399	126,463	134,163	140,572	155,691
Surplus/(Deficit) before contribution to Consolidated Fund and taxation	13,254	5,281	(5,799)	6,892	3,186
Contribution to Consolidated Fund	(2,246)	(893)	-	(1,162)	(459)
Taxation	(3)	(1)	-	(4)	(1)
Surplus/(Deficit) for the year	11,005	4,387	(5,799)	5,726	2,726

SURPLUS/(DEFICIT) FOR THE YEAR



FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP (continued)

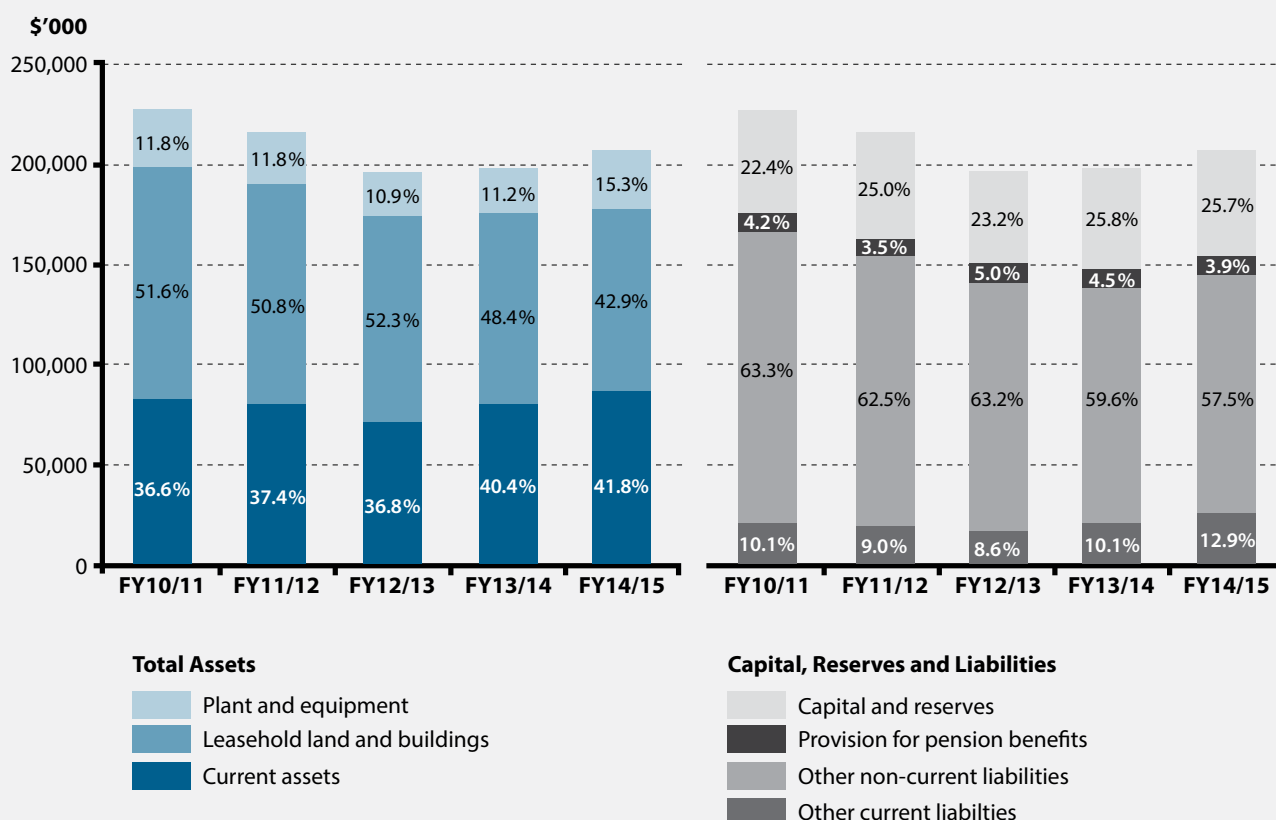
FINANCIAL POSITION

As at 31 March 2015, the Group's total assets amounted to \$207.4 million (31 March 2014: \$197.6 million). Property, plant and equipment which stood at \$120.7 million accounted for 58.2% of the total assets (31 March 2014: 59.6%).

Capital, reserves and liabilities of the Group totalled \$207.4 million as at 31 March 2015 (31 March 2014: \$197.6 million). Of the \$207.4 million, capital and reserves totalled \$53.4 million and other non-current liabilities stood at \$119.3 million. Provision for pension benefits and other current liabilities accounted for \$8 million and \$26.7 million respectively.

	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15
	\$'000	\$'000	\$'000	\$'000	\$'000
BALANCE SHEET					
Plant and equipment	26,801	25,454	21,321	22,151	31,665
Leasehold land and buildings	116,693	109,322	102,286	95,658	89,029
Current assets	82,776	80,648	71,832	79,751	86,752
Total assets	226,270	215,424	195,439	197,560	207,446
Capital and reserves	50,575	53,866	45,342	51,067	53,406
Provision for pension benefits	9,542	7,618	9,689	8,893	8,009
Other non-current liabilities	143,333	134,649	123,514	117,750	119,283
Other current liabilities	22,820	19,291	16,894	19,850	26,748
Total capital, reserves and liabilities	226,270	215,424	195,439	197,560	207,446

FINANCIAL POSITION

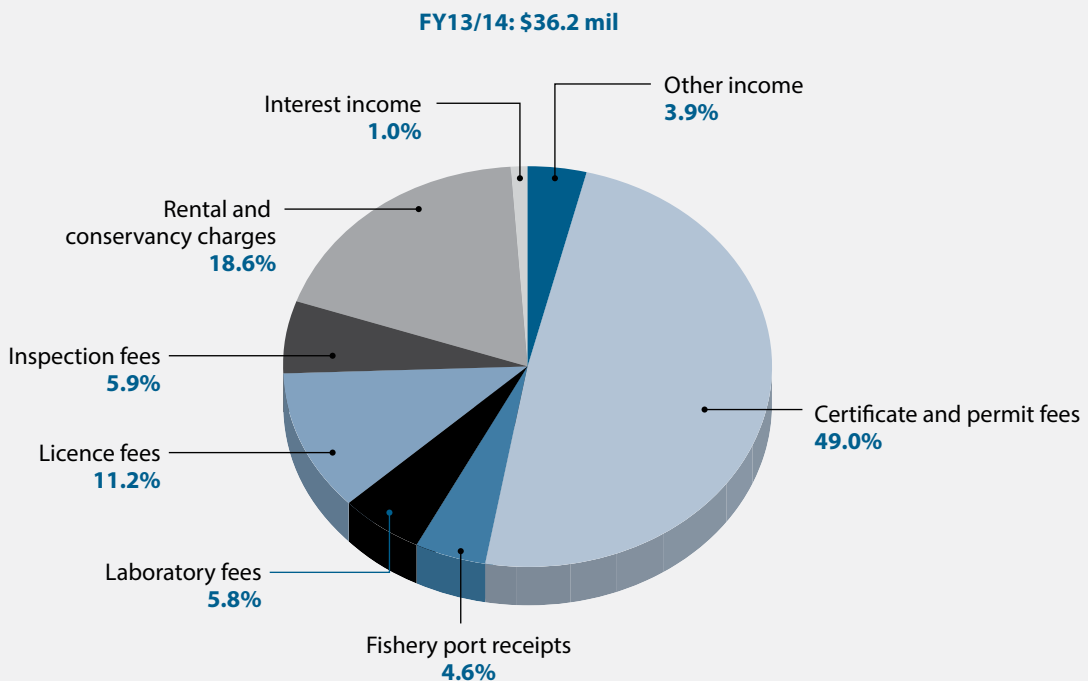
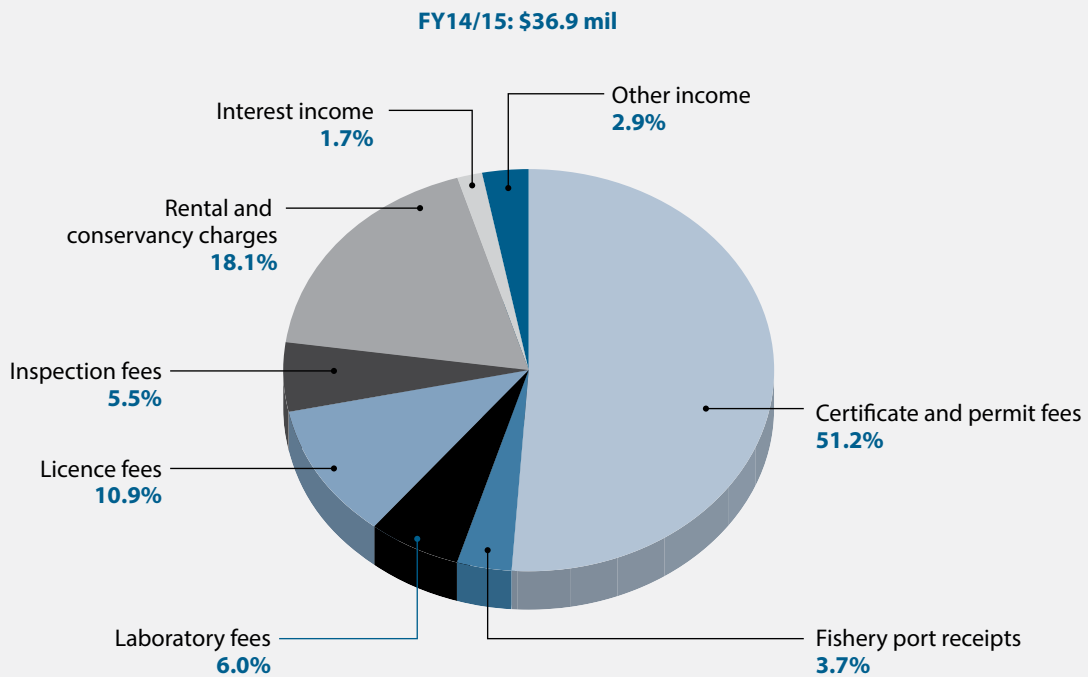


FINANCIAL REVIEW

INCOME

The Group's income comprised mainly certificate and permit fees (51.2%); rental income from the fishery ports (18.1%); and licence fees (10.9%).

The Group's income increased by \$0.7 million (2%) to \$36.9 million in FY14/15 as compared to \$36.2 million in FY13/14. The increase was due mainly to higher revenue collections from certificates and permit fees and laboratory fees.

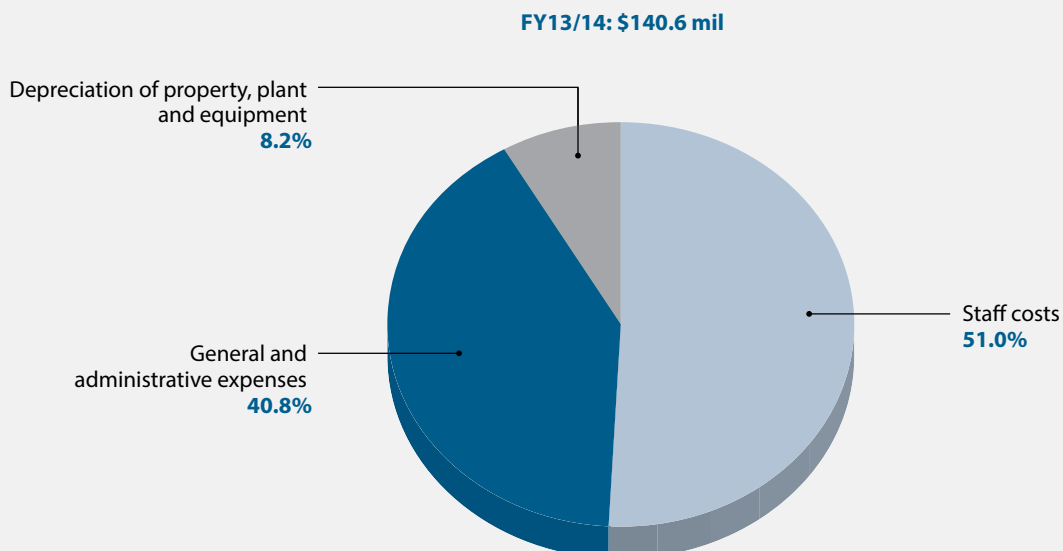
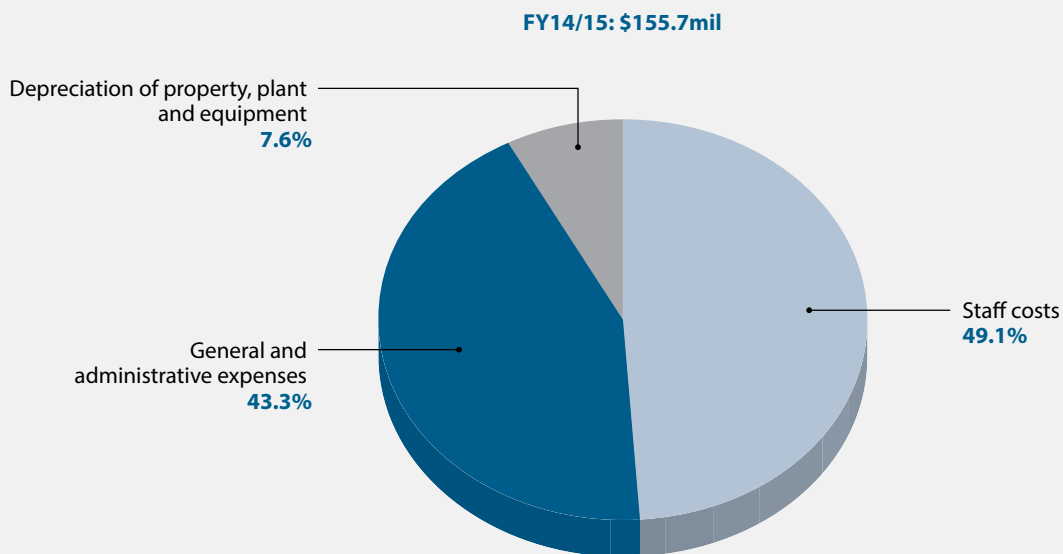


FINANCIAL REVIEW (continued)

EXPENDITURE

The Group's expenditure comprised mainly staff costs (49.1%), general and administrative expenses (43.3%) and depreciation (7.6%).

The Group's expenditure increased by \$15.1 million (10.7%) for the financial year ended 31 March 2015. The increase was attributed mainly to an increase in general and administrative expenses.



CAPITAL EXPENDITURE

The Group's capital expenditure comprised mainly purchase of equipment (64.8%); and expenditure on development projects (35.2%).

There was an increase in the Group's capital expenditure of \$9.2 million (FY14/15: \$15.2 million; FY13/14: \$6 million), due mainly to the office fitting up expenditure in connection to the relocation of the Authority to its new office premises during the financial year.

Agri-Food and Veterinary Authority and its subsidiary

STATEMENT BY THE BOARD

For the year ended 31 March 2015

In our opinion, the accompanying statements of financial position, statements of comprehensive income, statements of changes in equity of the Agri-Food and Veterinary Authority (the "Authority") and the Group and the statement of cash flows of the Group together with the summary of significant accounting policies and other explanatory notes thereto as set out on pages 121 to 148 are drawn up in accordance with the provisions of the Agri-Food and Veterinary Authority Act (Cap. 5, 2001 Revised Edition) and Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Authority and the Group as at 31 March 2015, and the results and changes in equity of the Authority and the Group and changes in cash flows of the Group for the year ended on that date.

On behalf of the Board



Koh Soo Keong

Chairman



Tan Poh Hong

Chief Executive Officer

24 June 2015



Agri-Food and Veterinary Authority and its subsidiary

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 March 2015

Independent auditor's report to the Agri-Food and Veterinary Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Agri-Food and Veterinary Authority (the "Authority") and its subsidiary (collectively, the "Group"), which comprise the statements of financial position of the Authority and the Group as at 31 March 2015, and the statements of comprehensive income and statements of changes in equity of the Authority and the Group and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Agri-Food and Veterinary Authority Act Cap. 5, 2001 Revised Edition (the "Act") and the Statutory Board Financial Reporting Standards 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.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair representation 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 Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Authority are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group and the Authority as at 31 March 2015 and the results and changes in equity of the Group and the Authority and cash flows of the Group for the year ended on that date.

Agri-Food and Veterinary Authority and its subsidiary

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 March 2015

Independent auditor's report to the Agri-Food and Veterinary Authority

Report on other legal and regulatory requirements

Management's responsibility for compliance with legal and regulatory requirements

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

Auditor's responsibility

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

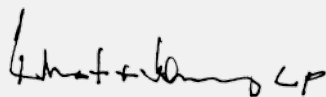
Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for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

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

Opinion

In our opinion:

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



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

24 June 2015

Agri-Food and Veterinary Authority and its subsidiary

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2015

	Notes	The Authority		The Group	
		FY14/15	FY13/14	FY14/15	FY13/14
		\$	\$	\$	\$
CAPITAL AND RESERVES					
Share capital	4	1,000	1,000	1,000	1,000
Accumulated surplus		52,948,896	50,628,391	53,405,241	51,066,987
		52,949,896	50,629,391	53,406,241	51,067,987
Represented by:					
NON-CURRENT ASSETS					
Property, plant and equipment	5	120,694,341	117,809,159	120,694,341	117,809,159
Subsidiary	6	2	2	–	–
		120,694,343	117,809,161	120,694,341	117,809,159
CURRENT ASSETS					
Prepayments		945,620	827,347	945,620	827,347
Trade and other receivables	7	1,627,784	1,120,122	1,653,857	1,137,476
Operating grant receivable from Government		18,840,211	1,358,827	18,840,211	1,358,827
Capital and other grant receivable from Government		1,327,916	–	1,327,916	–
Cash and cash equivalents	8	63,485,508	75,948,721	63,984,522	76,427,652
		86,227,039	79,255,017	86,752,126	79,751,302
CURRENT LIABILITIES					
Trade and other payables	9	20,052,563	12,076,738	20,120,496	12,129,328
Amount due to Government		108,686	–	108,686	–
Rental, security and other deposits		2,440,027	2,411,124	2,440,027	2,411,124
Capital and other grants received in advance	10	1,160,001	1,892,560	1,160,001	1,892,560
Deferred income		2,409,240	2,249,413	2,409,240	2,249,413
Provision for pension benefits	11	2,161,925	2,554,347	2,161,925	2,554,347
Provision for contribution to Consolidated Fund		508,580	1,162,394	508,580	1,162,394
Provision for taxation		–	–	807	5,097
		28,841,022	22,346,576	28,909,762	22,404,263
NET CURRENT ASSETS					
		57,386,017	56,908,441	57,842,364	57,347,039
NON-CURRENT LIABILITIES					
Provision for pension benefits	11	5,846,778	6,338,216	5,846,778	6,338,216
Deferred capital grants	12	118,996,228	117,749,995	118,996,228	117,749,995
Provision for reinstatement		287,458	–	287,458	–
		125,130,464	124,088,211	125,130,464	124,088,211
		52,949,896	50,629,391	53,406,241	51,067,987
Net assets of MFRD Fund	13	213,552	282,434	213,552	282,434

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

Agri-Food and Veterinary Authority and its subsidiary

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	The Authority		The Group	
		FY14/15 \$	FY13/14 \$	FY14/15 \$	FY13/14 \$
INCOME					
Certificate and permit fees		18,937,625	17,750,238	18,937,625	17,750,238
Fishery port receipts		1,362,210	1,664,415	1,362,210	1,664,415
Laboratory fees		2,213,826	2,092,458	2,213,826	2,092,458
Licence fees		4,041,387	4,056,371	4,041,387	4,056,371
Inspection fees		2,056,952	2,198,069	2,027,305	2,153,899
Rental and conservancy charges		6,699,432	6,744,422	6,699,432	6,744,422
Interest income		630,527	358,398	632,796	359,514
Other income		865,316	1,163,039	1,052,571	1,421,159
		36,807,275	36,027,410	36,967,152	36,242,476
EXPENDITURE					
Staff costs	14	76,667,154	71,603,048	76,663,374	71,596,328
General and administrative expenses	15	67,243,651	57,275,263	67,388,748	57,406,403
Depreciation of property, plant and equipment	5	11,829,046	11,585,694	11,829,046	11,585,694
Gain on disposal of property, plant and equipment		(13,732)	(52,238)	(13,732)	(52,238)
		155,726,119	140,411,767	155,867,436	140,536,187
		(118,918,844)	(104,384,357)	(118,900,284)	(104,293,711)
DEFICIT BEFORE GRANTS					
GRANTS					
Operating grants	16	109,514,811	99,261,055	109,514,811	99,261,055
Transfer from capital and other grants received in advance	10	40,862	60,401	40,862	60,401
Transfer from deferred capital grants	12	12,354,815	11,900,513	12,354,815	11,900,513
		121,910,488	111,221,969	121,910,488	111,221,969
		2,991,644	6,837,612	3,010,204	6,928,258
SURPLUS BEFORE CONTRIBUTION TO CONSOLIDATED FUND AND TAXATION					
Contribution to Consolidated Fund	18	(459,946)	(1,162,394)	(459,946)	(1,162,394)
Income tax expense	19	–	–	(811)	(4,467)
		2,531,698	5,675,218	2,549,447	5,761,397
SURPLUS FOR THE YEAR					
OTHER COMPREHENSIVE INCOME:					
Actuarial gain/(loss) on defined benefit plan		176,807	(35,544)	176,807	(35,544)
Other comprehensive income, net of tax		176,807	(35,544)	176,807	(35,544)
		2,708,505	5,639,674	2,726,254	5,725,853
TOTAL COMPREHENSIVE INCOME FOR THE YEAR					

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



Agri-Food and Veterinary Authority and its subsidiary

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Note	Share capital \$	Accumulated surplus \$	Total equity \$
The Authority				
Balance at 1 April 2013		1,000	44,988,717	44,989,717
Surplus for the year		–	5,675,218	5,675,218
Other comprehensive income for the year, net of tax		–	(35,544)	(35,544)
Total comprehensive income for the year		–	5,639,674	5,639,674
Balance at 31 March 2014 and 1 April 2014		1,000	50,628,391	50,629,391
Surplus for the year		–	2,531,698	2,531,698
Other comprehensive income for the year, net of tax		–	176,807	176,807
Total comprehensive income for the year		–	2,708,505	2,708,505
Dividend	4	–	(388,000)	(388,000)
Balance at 31 March 2015		1,000	52,948,896	52,949,896
The Group				
Balance at 1 April 2013		1,000	45,341,134	45,342,134
Surplus for the year		–	5,761,397	5,761,397
Other comprehensive income for the year, net of tax		–	(35,544)	(35,544)
Total comprehensive income for the year		–	5,725,853	5,725,853
Balance at 31 March 2014 and 1 April 2014		1,000	51,066,987	51,067,987
Surplus for the year		–	2,549,447	2,549,447
Other comprehensive income for the year, net of tax		–	176,807	176,807
Total comprehensive income for the year		–	2,726,254	2,726,254
Dividend	4	–	(388,000)	(388,000)
Balance at 31 March 2015		1,000	53,405,241	53,406,241

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

Agri-Food and Veterinary Authority and its subsidiary

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	FY14/15	FY13/14
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit before grants	(118,900,284)	(104,293,711)
Adjustments for:		
Depreciation of property, plant and equipment	11,829,046	11,585,694
Gain on disposal of property, plant and equipment	(13,732)	(52,238)
Property, plant and equipment written-off	425,314	142,329
Interest income	(632,796)	(359,514)
Provision for pension benefits	257,248	243,446
Operating deficit before working capital changes	(107,035,204)	(92,733,994)
Changes in working capital excluding cash and cash equivalents:		
Prepayments	(118,273)	163,016
Trade and other receivables	(314,667)	298,929
Trade and other payables	7,396,413	2,782,802
Amount due to Government	108,686	(108,797)
Rental, security and other deposits	28,903	177,949
Deferred income	159,827	(52,869)
Provision for reinstatement	287,458	-
	(99,486,857)	(89,472,964)
Payment of contribution to Consolidated Fund	(1,113,760)	-
Payment of pension benefits	(964,301)	(1,075,047)
(Payment)/refund of income tax	(5,101)	515
Net cash used in operating activities	(101,570,019)	(90,547,496)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (Note A)	(7,603,309)	(5,929,064)
Proceeds from disposal of property, plant and equipment	26,580	85,718
Interest income received	431,082	332,512
Net cash used in investing activities	(7,145,647)	(5,510,834)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(388,000)	-
Government grants received	96,660,536	106,678,455
Cash generated from financing activities	96,272,536	106,678,455
Net (decrease)/increase in cash and cash equivalents	(12,443,130)	10,620,125
Cash and cash equivalents at beginning of year	76,427,652	65,807,527
Cash and cash equivalents at end of year (Note 8)	63,984,522	76,427,652

Note A:

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$15,152,390 (FY13/14: \$5,963,424) of which \$847,470 (FY13/14: \$252,715) is yet to be paid as at the end of the financial year and \$6,954,326 (FY13/14: Nil) are allocated by Ministry of National Development to the Authority (Note 5). Cash payments of \$7,603,309 (FY13/14: \$5,929,064) were made to purchase property, plant and equipment.

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



Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. GENERAL INFORMATION

The Agri-Food and Veterinary Authority (the “Authority”) is a statutory board established under the Agri-Food and Veterinary Authority Act (Cap. 5, 2001 Revised Edition) under the purview of the Ministry of National Development (“MND”). As a statutory board, the Authority is subject to the directions of the MND and is required to implement policies and comply with instructions from its supervising ministry and other government ministries and departments such as the Ministry of Finance.

The registered office is at 52 Jurong Gateway Road, #14-01, Singapore 608550.

2. PRINCIPAL ACTIVITIES

The principal activities of the Authority are:

- (a) to regulate the safety and wholesomeness of food for supply to Singapore;
- (b) to promote and regulate animal and fish health, animal welfare and plant health;
- (c) to promote, facilitate and regulate the production, processing and trade of food and products related to or connected with the agri-food and veterinary sectors;
- (d) to develop, manage and regulate any agrotechnology park, agri-biotechnology park, mari-culture park, fishing harbour, and any other agri-food and veterinary centre or establishment;
- (e) to promote the development of the agri-food and veterinary sectors;
- (f) to advise and make recommendations to the Government on matters, measures and regulations related to or connected with the agri-food and veterinary sectors;
- (g) to represent the Government internationally on matters related to or connected with the agri-food and veterinary sectors; and
- (h) to carry out such other functions as are imposed upon the Authority by or under the Agri-Food and Veterinary Authority Act (Cap. 5, 2001 Revised Edition) or any other written law.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements of the Authority are prepared in accordance with the provisions of the Agri-Food and Veterinary Authority Act (Cap. 5, 2001 Revised Edition) and Statutory Board Financial Reporting Standards (“SB-FRS”), including related Interpretations. They are prepared under the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$).

Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of preparation (continued)

Significant accounting estimates and judgements

The preparation of the Group and Authority's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 - 30 years. The carrying amount of the Authority and Group's property, plant and equipment as at 31 March 2015 is \$120,694,341 (FY13/14: \$117,809,159). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Provision for pension benefits

The cost of defined benefit pension plans as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed on a yearly basis. The net benefit liability as at 31 March 2015 is \$8,008,703 (FY13/14: \$8,892,563). Further details are provided in Note 11.

In determining the appropriate discount rate, management considers the market yields on government bond as Singapore is not considered to be a country with deep corporate bond market.

The mortality rate is based on publicly available mortality tables for Singapore. Future salary increases are based on historical data.

Further details about the assumptions used are provided in Note 11.



Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of SB-FRS (INT SB-FRS) that are effective for annual periods beginning on or after 1 April 2014. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Authority and the Group.

3.3 New SB-FRS and INT SB-FRS issued but not yet effective

The Authority and the Group have not adopted the following new or revised SB-FRSs and INT SB-FRSs that have been issued as of the reporting date but are not yet effective.

Description	Effective for annual periods beginning on or after
Amendments to SB-FRS 19 Defined Benefit Plans : Employee Contributions	1 July 2014
<u>Improvements to SB-FRSs (January 2014)</u>	
(a) Amendment to SB-FRS 16 Property, Plant and Equipment	1 July 2014
(b) Amendment to SB-FRS 24 Related Party Disclosure	1 July 2014
(c) Amendment to SB-FRS 38 Intangible Assets	1 July 2014
(d) Amendment to SB-FRS 103 Business Combinations	1 July 2014
(e) Amendments to SB-FRS 108 Operating Segments	1 July 2014
<u>Improvements to SB-FRSs (February 2014)</u>	
(a) Amendment to SB-FRS 40 Investment Property	1 July 2014
(b) Amendment to SB-FRS 103 Business Combinations	1 July 2014
(c) Amendment to SB-FRS 113 Fair Value Measurement	1 July 2014
SB-FRS 114 Regulatory Deferral Accounts	1 January 2016
Amendments to SB-FRS 27 Equity Method in Separate Financial Statements	1 January 2016
Amendments to SB-FRS 16 and SB-FRS 38 : Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to SB-FRS 111 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016

The Authority and the Group anticipate that the adoption of these SB-FRSs and INT SB-FRSs in future periods will not have a material impact on the Authority and the Group's financial statements.

Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency). The consolidated financial statements of the Group and the financial statements of the Authority are presented in Singapore dollars, which is also the functional currency of the Authority.

3.5 *Basis of consolidation*

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.



Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent cost

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation

Depreciation is computed utilising the straight-line method to write off the cost of the assets over their estimated useful lives as follows:

	<u>Years</u>
Leasehold land and buildings	10 - 30 (over the period of the lease)
Motor vehicles and vessels	10
Mechanical and electrical equipment	10
Furniture and fittings	5 - 8
Laboratory tools and equipment	8
IT equipment	3 - 8

No depreciation is provided on development work-in-progress. Development work-in-progress is transferred to the various categories of property, plant and equipment and depreciated upon the completion of the development project.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 *Subsidiary*

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, 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 Authority's separate financial statements, shares in the subsidiary are stated at cost less allowance for any impairment loss on an individual subsidiary basis.

3.8 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.



Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 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 instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. On de-recognition of a financial asset in its entirety, 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 profit or loss.

Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 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 instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, directly attributable transaction costs.

Subsequent measurement

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

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.10 Impairment of financial assets

The Group also assesses at each reporting date whether a financial asset or a group of financial assets is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced either directly or through use of an allowance account. The impairment loss is recognised in the profit or loss account.



Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**3.10 Impairment of financial assets (continued)**

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances with banks; and cash with the Accountant-General's Department ("AGD"). Cash with AGD refers to cash that is managed by AGD under Cash Liquidity Management ("CLM") as set out in the Accountant-General's Circular No. 4/2009 Centralised Liquidity Management for Statutory Boards and Ministries.

3.12 Provisions

Provisions are recognised when the Authority and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

The Authority and the Group review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

3.13 Share capital

Shares are issued to the Minister for Finance, the body incorporated by the Minister for Finance (Incorporation) Act, for all equity financing received from the Government. The shares issued are classified as equity and are valued at the considerations received for the issuance of the shares.

3.14 Dividends

Dividends proposed by the Authority are not accounted for in capital and reserves as an appropriation of accumulated surplus, until they have been declared by the Authority. When these dividends have been declared and approved by the Authority, they are recognised as a liability.

Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the income can be reliably measured, regardless of when the payment is made. Income is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before income is recognised:

- (a) Certificate and permit fees are recognised as income when certificate or permits are issued.
- (b) Licence fees are recognised as income on time proportion basis.
- (c) Income from the rendering of services which comprises berthing fees, laboratory fees and inspection fees, is recognised when the service is rendered.
- (d) Rental and conservancy charges and vehicle entry fees are recognised as income on a straight-line basis over the period of the lease.
- (e) Interest income is recognised on a time proportion basis using the effective interest method.
- (f) Other income comprises mainly fines which are accounted for when received.
- (g) Deferred income relates to annual licence fees received in advance from licensees and is recognised in the profit or loss over the remaining period of the licences.

3.16 Grants

Government grants and contributions from other parties utilised for the purchase or construction of property, plant and equipment are taken to the Deferred Capital Grants Account.

Non-monetary grants related to assets are taken at their fair values to the Deferred Capital Grants Account.

Deferred capital grants are recognised in the profit or loss over the periods necessary to match the depreciation of the assets purchased or received with the related grants. On disposal of the property, plant and equipment, the balance of the related grants is taken to the profit or loss to match the net book value of the property, plant and equipment disposed.

Grants and contributions received for the purchase or construction of property, plant and equipment but which are not yet utilised are taken to the Capital Grants Received in Advance Account.

Operating grants whose purpose is to meet the current financial year's operating expenses are recognised as income in the same financial year.

Grants are recognised only when there is reasonable assurance that the Authority would comply with the conditions attaching to those grants, and the grants would be received.



Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**3.17 Employee benefits****(i) Short-term employee benefits**

Salaries and bonuses are recognised when the services giving rise to the payment obligation have been satisfactorily rendered by the employees.

(ii) Defined contribution plans

The Authority and the Group contribute to the Central Provident Fund (CPF), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to CPF are charged to the profit or loss in the period in which the related service is performed.

(iii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

(iv) Defined benefit plans

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate) at the end of the reporting period.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the defined benefit liability
- Re-measurements of defined benefit liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the defined benefit liability is the change during the period in the defined benefit liability that arises from the passage of time which is determined by applying the discount rate to the defined benefit liability. Interest on the defined benefit liability is recognised as expense or income in profit or loss.

Re-measurements comprising actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise. Re-measurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Leases

Operating leases - lessee

Leases of assets in which a significant portion of the risks and rewards of 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 taken to the profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Operating leases - lessor

Assets leased out under operating leases are included in land and building and are stated at cost. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

3.19 Contribution to Consolidated Fund

The contribution to the Consolidated Fund is required under Section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap.319A). The contribution rate and the framework governing such contributions are determined by the Ministry of Finance.

Accounting surplus would be used for the purpose of computing the contribution and the contribution is accounted for on an accrual basis.

3.20 Income tax

(a) Current income tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Current taxes are recognised in the statement of comprehensive income except that tax relating to items recognised directly in equity is recognised directly in equity.



Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Income tax (continued)

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each date of the statement of financial position and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the date of the statement of financial position.

(c) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of goods and services tax except:

- Where the goods and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Agri-Food and Veterinary Authority and its subsidiary
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2015

4. CAPITAL ACCOUNT

Share capital

	The Authority and the Group			
	FY14/15		FY13/14	
	No. of shares	\$	No. of shares	\$
At beginning and end of the financial year	1,000	1,000	1,000	1,000

In November 2008, the Ministry of Finance implemented the Capital Management Framework which aims to sensitise Statutory Boards to the opportunity cost of capital utilised by the Statutory Boards to perform their functions. Under this framework, the Authority issued share certificates to the Minister for Finance, a body incorporated by the Minister for Finance (Incorporation) Act (Cap. 183, 1985 Revised Edition) on 6 March 2009 for 1,000 shares for a consideration of \$1,000. The shares carry neither voting rights nor par value.

Dividend

In accordance with the Capital Management Framework for Statutory Board, the Authority declared and paid a dividend of \$388,000 for the financial year ended 31 March 2015 (FY13/14: nil).

Agri-Food and Veterinary Authority and its subsidiary
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2015

5. PROPERTY, PLANT AND EQUIPMENT

The Authority & Group	Leasehold land and buildings	Motor vehicles and vessels	Mechanical and electrical equipment	Furniture and fittings	Laboratory tools and equipment	IT equipment	Development work-in-progress	Total
Cost:	\$	\$	\$	\$	\$	\$	\$	\$
At 1 April 2013	185,248,146	3,706,437	19,245,883	5,408,389	43,006,514	7,052,138	1,815,839	265,483,346
Additions	-	-	282,589	39,828	1,060,335	365,029	4,215,643	5,963,424
Disposals/written off	-	(5,628)	(97,062)	(36,947)	(2,109,969)	(335,041)	(142,329)	(2,726,976)
Transfers	-	-	-	-	192,203	145,331	(337,534)	-
At 31 March 2014 and 1 April 2014	185,248,146	3,700,809	19,431,410	5,411,270	42,149,088	7,227,457	5,551,619	268,719,794
Additions	-	-	273,995	7,510,104	1,710,848	323,400	5,334,043	15,152,390
Disposals/written off	-	(67,700)	(689,086)	(536,149)	(2,604,801)	(577,813)	(425,314)	(4,900,863)
Transfers	-	-	57,400	-	576,766	344,150	(978,316)	-
At 31 March 2015	185,248,146	3,633,109	19,073,719	12,385,225	41,831,896	7,317,194	9,482,032	278,971,321
Accumulated depreciation:								
At 1 April 2013	82,962,241	1,674,097	16,620,668	4,926,001	30,533,976	5,159,125	-	141,876,108
Depreciation for the year	6,628,305	352,976	1,032,467	136,550	2,603,664	831,732	-	11,585,694
Disposals	-	(5,628)	(68,596)	(36,096)	(2,109,105)	(331,742)	-	(2,551,167)
At 31 March 2014 and 1 April 2014	89,590,546	2,021,445	17,584,539	5,026,455	31,028,535	5,659,115	-	150,910,635
Depreciation for the year	6,628,305	351,526	687,822	630,953	2,785,965	744,475	-	11,829,046
Disposals	-	(67,700)	(686,793)	(535,027)	(2,597,463)	(575,718)	-	(4,462,701)
At 31 March 2015	96,218,851	2,305,271	17,585,568	5,122,381	31,217,037	5,827,872	-	158,276,980
Net book value:								
At 31 March 2015	89,029,295	1,327,838	1,488,151	7,262,844	10,614,859	1,489,322	9,482,032	120,694,341
At 31 March 2014	95,657,600	1,679,364	1,846,871	384,815	11,120,548	1,568,342	5,551,619	117,809,159

Agri-Food and Veterinary Authority and its subsidiary
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2015

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Included in property, plant and equipment is an amount of \$6,954,326 that has been allocated by the Ministry of National Development to the Authority in connection with the relocation of the Authority to its new office premises during the financial year. A corresponding amount of \$6,954,326 in capital grants has been recorded in deferred capital grants through this allocation arrangement from the Ministry of National Development to fund the purchase of these property, plant and equipment.

Capitalisation of provision for reinstatement costs

The Group's total additions of furniture and fittings during the year include estimated reinstatement costs of \$287,458 (FY13/14: Nil).

6. SUBSIDIARY

	The Authority	
	FY14/15	FY13/14
	\$	\$
Unquoted equity shares, at cost	2	2

The subsidiary, which is incorporated in Singapore, is as follows:

Name of company	Principal activity	Equity holding	
		FY14/15	FY13/14
		%	%
AgriFood Technologies Pte Ltd	Consultancy services	100	100

The financial statements of the subsidiary are audited by K.A. Seah & Co.

7. TRADE AND OTHER RECEIVABLES

	The Authority		The Group	
	FY14/15	FY13/14	FY14/15	FY13/14
	\$	\$	\$	\$
Trade receivables	1,262,849	889,858	1,288,922	907,212
Less: Allowance for impairment	(42,182)	(25,838)	(42,182)	(25,838)
Net trade receivables	1,220,667	864,020	1,246,740	881,374
Other receivables	407,117	256,102	407,117	256,102
Total trade and other receivables	1,627,784	1,120,122	1,653,857	1,137,476
Add: Cash and cash equivalents (Note 8)	63,485,508	75,948,721	63,984,522	76,427,652
Total loans and receivables	65,113,292	77,068,843	65,638,379	77,565,128

Trade receivables are non-interest bearing and are generally on 30 days (FY13/14: 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables are unsecured, interest-free and repayable on demand.

Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

8. CASH AND CASH EQUIVALENTS

	The Authority		The Group	
	FY14/15	FY13/14	FY14/15	FY13/14
	\$	\$	\$	\$
Cash and bank balances	63,485,508	75,948,721	63,681,137	76,326,536
Fixed deposits with financial institutions	–	–	303,385	101,116
	63,485,508	75,948,721	63,984,522	76,427,652

Cash and bank balances include \$63,551,687 (FY13/14: \$75,809,196) of cash held with Accountant General's Department ("AGD"). All Statutory Boards and Ministries are required to participate in the Centralised Liquidity Management ("CLM"), whereby the AGD will centrally manage the cash of Statutory Boards and Ministries to achieve greater efficiency. The Authority participated in the CLM with effect from 3 December 2009. The average effective interest rate of the cash with the AGD as at 31 March 2015 was 0.85% (FY13/14: 0.62%) per annum.

9. TRADE AND OTHER PAYABLES

	The Authority		The Group	
	FY14/15	FY13/14	FY14/15	FY13/14
	\$	\$	\$	\$
Trade payables	6,472,851	4,308,625	6,540,784	4,361,215
Other payables	–	35,436	–	35,436
Amount payable with respect to capital expenditure	847,470	252,715	847,470	252,715
Accrued operating expenses	12,732,242	7,479,962	12,732,242	7,479,962
Total trade and other payables	20,052,563	12,076,738	20,120,496	12,129,328
<i>Add:</i>				
Amount due to Government	108,686	–	108,686	–
Rental, security and other deposits	2,440,027	2,411,124	2,440,027	2,411,124
Total financial liabilities	22,601,276	14,487,862	22,669,209	14,540,452

Trade payables are non-interest bearing and normally settled on 30-day terms.

Agri-Food and Veterinary Authority and its subsidiary
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2015

10. CAPITAL AND OTHER GRANTS RECEIVED IN ADVANCE

	The Authority and the Group	
	FY14/15	FY13/14
	\$	\$
Balance at the beginning of the financial year	1,892,560	2,937,379
Received/receivable during the financial year	7,814,848	2,764,613
Transfer to Deferred capital grants (Note 12)	(8,506,545)	(3,749,031)
Transfer to statement of comprehensive income	(40,862)	(60,401)
Balance at the end of the financial year	1,160,001	1,892,560

During the year, the Authority received and paid \$710,746 (FY13/14: \$1,642,739) to another government agency in relation to a development project.

11. PENSION BENEFITS

The Authority operates a defined benefit scheme for certain employees under the provisions of the Pension Act (Cap. 225, 2004 Revised Edition). Defined retirement benefit obligations due to pensionable officers are recognised in the statements of financial position in accordance with the Pensions Act (Chapter 225, 2004 Revised Edition). The pension liability is determined based on the last drawn salaries of the respective pensionable officers and the pensionable officers' cumulative service period served with the Authority at the time of retirement, assuming that all pensionable officers work till the age of 60 years and opt for fully commuted gratuity on retirement. The Authority does not need to bear any medical liabilities for pensionable officers upon their retirement.

The following table summarises the components of benefit expense recognised in the income statement and the amounts recognised in the statement of financial position for the plan:

	The Authority and the Group	
	FY14/15	FY13/14
	\$	\$
Current service cost	135,737	184,712
Interest cost on benefit obligation	121,511	58,734
	257,248	243,446
Changes in the present value of the defined benefit obligation are as follows:		
Balance at the beginning of the financial year	8,892,563	9,688,620
Interest cost	121,511	58,734
Current service cost	135,737	184,712
Actuarial (gain)/ loss on valuation	(176,807)	35,544
Payments during the financial year	(964,301)	(1,075,047)
Balance at the end of the financial year	8,008,703	8,892,563

Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

11. PENSION BENEFITS (continued)

The provision for pension benefits is payable as follows:

	The Authority and the Group	
	FY14/15	FY13/14
	\$	\$
Within one year	2,161,925	2,554,347
After one year	5,846,778	6,338,216
	8,008,703	8,892,563

The actuarial valuation of the present value of the defined benefit obligation was carried out as at 31 March 2014 by a qualified independent actuary using the projected unit credit method in accordance to SB-FRS 19. For the purpose of ascertaining the obligation as of 31 March 2015, management has conducted a review of the bases and underlying assumptions used in the calculation and concluded that the projected provision is still valid.

The actuarial assumptions used in computing the pension benefits are:

- Discount rate : 1.8% (FY13/14: 1.5%) per annum
- Salary inflation : 2.0% per annum for all employees (FY13/14: 2.0% per annum all employees)
- Mortality rate : S0408 Singapore mortality table (FY13/14: S0408 Singapore mortality table)
- The retirement age is assumed to be 60 and the employee has completed at least 10 years of pensionable service.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Change in assumption	Impact on defined obligation	
		Increase in assumption	Decrease in assumption
Discount rates	0.5%	(3.6%)	3.9%
Future salary increases	0.5%	0.4%	(0.4%)
	Change in assumption	Impact on defined obligation	
Mortality rate	S0408 with 1 year set back		1.7%
Retirement age	+1 year		(0.4%)

The Authority's defined benefit pension plans are funded by the Authority.

The Authority expects to contribute \$221,977 (FY13/14: \$257,248) to the defined benefit pension plans in the financial year ending 31 March 2015.

The average duration of the defined benefit obligation at the end of the reporting period is 6 years (FY13/14: 7 years).

Agri-Food and Veterinary Authority and its subsidiary
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2015

12. DEFERRED CAPITAL GRANTS

	The Authority and the Group	
	FY14/15 \$	FY13/14 \$
<i>Government grants</i>		
Balance at beginning of the financial year	117,749,995	123,514,000
Transfer from capital grants (Note 10)	8,506,545	3,749,031
Transfer from operating grants (Note 16)	5,094,503	3,026,477
Reversal to capital grant received in advance	–	(639,000)
	<u>131,351,043</u>	<u>129,650,508</u>
Grants taken to statement of comprehensive income		
- to match depreciation	(11,780,368)	(11,551,619)
- to match disposals	(12,848)	(33,481)
- to match capital items expensed-off	(561,599)	(315,413)
	<u>(12,354,815)</u>	<u>(11,900,513)</u>
Balance at the end of the financial year	<u>118,996,228</u>	<u>117,749,995</u>

13. MFRD FUND

This fund was transferred to the Authority on 1 April 2009 to be held in trust for activities undertaken by the Marine Fisheries Research Department (“MFRD”)/Southeast Asian Fisheries Development Centre (“SEAFDEC”) in Singapore.

The assets and liabilities of the fund are as follows:

	The Authority and the Group			
	FY14/15		FY13/14	
	S\$	US\$	S\$	US\$
ACCUMULATED SURPLUS	213,552	155,446	282,434	224,592
Represented by:				
CURRENT ASSETS				
Cash and bank balances	11,034	8,032	25,314	20,130
Fixed deposits	202,518	147,414	257,120	204,462
	<u>213,552</u>	<u>155,446</u>	<u>282,434</u>	<u>224,592</u>
Net current assets, representing net assets	<u>213,552</u>	<u>155,446</u>	<u>282,434</u>	<u>224,592</u>

Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

13. MFRD FUND (continued)

The income and expenditure of the fund for the years ended 31 March 2015 and 2014 are as follows:

	The Authority and the Group			
	FY14/15		FY13/14	
	S\$	US\$	S\$	US\$
INCOME				
Interest from fixed deposits	748	544	774	616
Less:				
EXPENDITURE				
General and administrative expenses	69,630	50,684	19,602	15,587
	<u>(68,882)</u>	<u>(50,140)</u>	<u>(18,828)</u>	<u>(14,971)</u>

Note: For purpose of making references to financial statements of other departments of SEAFDEC, items in the income and expenditure and assets and liabilities had been translated to United States dollar ("US\$") at the exchange rate prevailing at balance sheet date of US\$1 = S\$1.3738 (31 March 2014: US\$1 = S\$1.2576).

14. STAFF COSTS

	The Authority		The Group	
	FY14/15	FY13/14	FY14/15	FY13/14
	\$	\$	\$	\$
Salaries, allowances and bonus	64,598,068	59,862,841	64,598,068	59,862,841
Central Provident Fund contributions	6,924,151	6,326,136	6,924,151	6,326,136
Pension benefits (Note 11)	257,248	243,446	257,248	243,446
Other staff costs	4,887,687	5,170,625	4,883,907	5,163,905
	<u>76,667,154</u>	<u>71,603,048</u>	<u>76,663,374</u>	<u>71,596,328</u>

	The Authority and the Group	
	FY14/15	FY13/14
	\$	\$
Staff costs include key management remuneration as follows:		
Short term employee benefits	4,798,000	4,188,357
Post-employment benefits	39,328	196,366
	<u>4,837,328</u>	<u>4,384,723</u>

Key management refers to the leadership team who have the authority and responsibility for planning, directing and controlling the activities of the Authority.

Agri-Food and Veterinary Authority and its subsidiary
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2015

15. GENERAL AND ADMINISTRATIVE EXPENSES

	The Authority		The Group	
	FY14/15	FY13/14	FY14/15	FY13/14
	\$	\$	\$	\$
Transport and travel	707,942	685,331	719,757	700,060
Office supplies	893,019	788,903	893,682	790,745
Laboratory supplies	2,373,839	2,436,992	2,373,839	2,436,992
Utilities	2,649,052	3,141,381	2,649,052	3,141,381
Rental - operating leases	7,196,571	5,382,962	7,199,498	5,388,502
Rental - others	23,657	45,515	23,657	45,515
Maintenance of office premises	7,230,830	5,789,728	7,230,830	5,789,728
Maintenance of information systems	9,533,568	7,498,309	9,533,568	7,498,309
Maintenance of office and laboratory equipment	1,889,390	1,777,874	1,889,390	1,777,874
Auditors' remuneration	76,000	73,000	78,200	75,000
Laboratory fees	5,566,571	4,339,648	5,566,571	4,339,648
Public education	1,206,410	970,404	1,206,410	970,404
Professional fees	852,627	178,074	955,941	253,301
Estate management fee	2,825,244	2,440,200	2,825,244	2,440,200
Board honorarium	110,779	108,381	127,659	125,261
Goods and services tax	3,410,126	2,886,782	3,410,126	2,886,782
Security services	1,708,264	1,588,566	1,708,264	1,588,566
HPAI expenditure	576,329	499,505	576,329	499,505
Property tax	1,448,300	1,445,100	1,448,300	1,445,100
Food fund	5,628,338	4,803,349	5,628,338	4,803,349
Payment to international organisations	2,692,928	4,367,976	2,692,928	4,367,976
Property, plant and equipment written off	425,314	142,329	425,314	142,329
Other operating expenses	8,218,553	5,884,954	8,225,851	5,899,876
	67,243,651	57,275,263	67,388,748	57,406,403

16. OPERATING GRANTS

	The Authority and the Group	
	FY14/15	FY13/14
	\$	\$
Received/receivable during the financial year	114,609,314	102,287,532
Transfer to deferred capital grants (Note 12)	(5,094,503)	(3,026,477)
Transfer to statement of comprehensive income	109,514,811	99,261,055



Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

17. TOTAL GOVERNMENT GRANTS

Total grants received/receivable from the Government since the establishment of the Authority are as follows:

	The Authority and the Group	
	FY14/15	FY13/14
	\$	\$
Capital grants	298,838,492	288,081,427
Operating grants	1,038,577,144	923,967,830
	1,337,415,636	1,212,049,257

18. CONTRIBUTION TO CONSOLIDATED FUND

The contribution to the Consolidated Fund is required under section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap. 319A). The contribution rate and the framework governing such contributions are determined by the Ministry of Finance. The contribution is based on 17% (FY13/14: 17%) of the surplus for the year.

	The Authority and the Group	
	FY14/15	FY13/14
	\$	\$
Current year provision	508,580	1,162,394
Over provision from prior year	(48,634)	–
	459,946	1,162,394

19. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 March 2015 and 2014 are:

	The Group	
	FY14/15	FY13/14
	\$	\$
Current income tax expense	807	5,097
Under/(over) provision	4	(630)
	811	4,467

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2015 and 2014 are as follows:

Surplus before contribution to Consolidated Fund and taxation	3,010,204	6,928,258
Less: The Authority's surplus before contribution to Consolidated Fund and income tax expense	2,991,644	6,837,612
The subsidiary's surplus before income tax expense	18,560	90,646
Income tax at statutory rate of 17% (FY13/14: 17%)	3,155	15,410
Singapore statutory stepped income exemption and tax rebate	(2,348)	(10,313)
Under/(over) provision of income tax expense in respect of prior years	4	(630)
	811	4,467

Agri-Food and Veterinary Authority and its subsidiary
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2015

20. CAPITAL COMMITMENT

Capital expenditure contracted during the financial year but not provided for in the financial statements amounted to \$18,706,141 (FY13/14: \$85,442) at the end of the reporting period.

21. OPERATING LEASE COMMITMENTS

As lessee

The future minimum payments under non-cancellable operating leases for office premises and office equipment that were contracted at the reporting date but not recognised as liabilities are as follows:

	The Authority and the Group	
	FY14/15	FY13/14
	\$	\$
Not later than one financial year	8,347,601	5,259,863
Later than one financial year but not later than five financial years	23,031,920	199,564
	31,379,521	5,459,427

The leases for office premises which were contracted with rent payable will expire from 31 May 2015 to 2 December 2019.

As lessor

The future minimum amounts receivable under non-cancellable operating leases for the premises at the Authority's Fishery Ports that were contracted at the reporting date but not recognised as receivables are as follows:

	The Authority and the Group	
	FY14/15	FY13/14
	\$	\$
Not later than one financial year	5,015,668	4,413,471
Later than one financial year but not later than five financial years	6,365,470	2,156,922
	11,381,138	6,570,393

The leases on the premises of the Authority's Fishery Ports which were contracted with rent receivable will expire from 4 May 2015 to 14 March 2018.

Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

22. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Authority is a statutory board incorporated under the Agri-Food and Veterinary Act (Note 1). As a statutory board, all Government ministries and departments, statutory boards and Organs of State are deemed related parties of the Authority.

During the year, the Authority has significant transactions with its supervisory ministry, the Ministry of National Development, and other related parties listed below, other than statutory charges and transactions disclosed elsewhere in the financial statements.

	FY14/15	FY13/14
	\$	\$
Expenditure paid to:		
Ministry of National Development	5,028,124	3,297,856
Health Sciences Authority	5,506,970	4,294,591
Subsidiary	3,780	6,720
Grants/Income received from:		
Ministry of National Development	96,960,788	105,717,524
Subsidiary	29,647	44,470
Amount due to:		
Ministry of National Development	9,343	–
Health Sciences Authority	–	331,093
Amount due from:		
Ministry of National Development	20,168,127	1,358,827
Subsidiary	–	8,427

23. FINANCIAL RISK MANAGEMENT

The Authority and Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include currency risk, interest rate risk, credit risk and liquidity risk.

The Authority and Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Authority and Group's financial performance.

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Authority and the Group have minimal exposure to foreign exchange risk as they transact mainly in Singapore dollars.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest-bearing financial instruments relate mainly to cash with AGD. The interest rates for Cash with AGD are based on deposit rates determined by the financial institutions with which the cash are deposited and are expected to move in tandem with market interest rate movements. The Authority and the Group are of the view that any fluctuation in interest rates is not likely to have a significant impact on the surplus before contribution to consolidated fund and taxation and to retained earnings.

Agri-Food and Veterinary Authority and its subsidiary
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2015

23. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk for the Authority and the Group are as follows:

	The Authority		The Group	
	FY14/15	FY13/14	FY14/15	FY13/14
	\$	\$	\$	\$
Trade receivables	1,262,849	889,858	1,288,922	907,212
Other receivables	407,117	256,102	407,117	256,102
Total	1,669,966	1,145,960	1,696,039	1,163,314

The Authority and the Group have no significant concentrations of credit risk. The Authority and the Group have policies in place to ensure that sales of products and services are made to customers with appropriate credit history, and that surplus funds are placed with reputable banks.

(i) Financial assets that are neither past due nor impaired

Trade receivables and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment track record with the Authority and the Group. Cash and cash equivalents that are neither past due nor impaired are placed with banks with high credit ratings.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables. The ageing analysis of trade receivables (gross) is as follows:

	The Authority		The Group	
	FY14/15	FY13/14	FY14/15	FY13/14
	\$	\$	\$	\$
≤ 90 days	48,574	122,050	49,474	123,550
> 90 days	74,312	24,288	74,312	24,708

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables past due up to 90 days. These receivables are mainly arising by customers that have a good credit record with the Group.

The changes in impairment loss in respect of trade receivables during the year are as follows:

	The Authority and the Group	
	FY14/15	FY13/14
	\$	\$
Balance at beginning of the financial year	25,838	26,530
Amount charged for the year	36,460	24,809
Amount written off	(3,951)	(4,625)
Amount written back	(16,165)	(20,876)
Balance at end of the financial year (Note 7)	42,182	25,838

Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

23. FINANCIAL RISK MANAGEMENT (continued)**(d) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Authority and the Group's liquidity risk is minimal as the Authority and the Group maintain sufficient cash balances and internally generated cash flows to finance their operating activities and committed liabilities. In addition, the Authority is financially supported by grants primarily from the Government.

The table below summarises the maturity profile of the Group's financial instruments at the end of the reporting period based on contractual undiscounted payments:

	≤ 1 year	
	FY14/15	FY13/14
	\$	\$
The Authority		
<i>Financial assets</i>		
Trade and other receivables	1,627,784	1,120,122
Cash and cash equivalents	63,485,508	75,948,721
	65,113,292	77,068,843
<i>Financial liabilities</i>		
Trade and other payables	20,052,563	12,076,738
Amount due to Government	108,686	–
Rental, security and other deposits	2,440,027	2,411,124
	22,601,276	14,487,862
The Group		
<i>Financial assets</i>		
Trade and other receivables	1,653,857	1,137,476
Cash and cash equivalents	63,984,522	76,427,652
	65,638,379	77,565,128
<i>Financial liabilities</i>		
Trade and other payables	20,120,496	12,129,328
Amount due to Government	108,686	–
Rental, security and other deposits	2,440,027	2,411,124
	22,669,209	14,540,452

Agri-Food and Veterinary Authority and its subsidiary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

24. FAIR VALUE OF ASSETS AND LIABILITIES

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, as appropriate.

Financial instruments whose carrying amounts approximate fair value

Management has determined that the carrying amounts of cash and cash equivalents, receivables, payables and accruals, amount due to Government and rental, security and other deposits reasonably approximate their fair values because these are mostly short term in nature or is assumed to approximate their fair values.

25. CAPITAL MANAGEMENT

The Authority and the Group's objectives when managing capital are to safeguard the Authority and the Group's ability to continue as a going concern and to support the Authority's mission. Under the Capital Management Framework for Statutory Boards, the Authority is expected to declare annual dividend to the Minister for Finance, a body incorporated by the Minister for Finance (Incorporation) Act, in return for any equity injection. The annual dividend to be declared is based on an agreed formula stipulated by the Ministry of Finance in the Finance Circular Minute No. M26/2008.

There were no changes in the Group's approach to capital management during the year.

The Authority and its subsidiary are not subject to externally imposed capital requirements.

26. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of the Authority and its subsidiary for the year ended 31 March 2015 were authorised for issue by the Board Members of the Authority on 24 June 2015.