AGRI-FOOD & VETERINARY AUTHORITY OF SINGAPORE

OUR RECIPE FOR EXCELLENCE

ANNUAL REPORT 2015/16

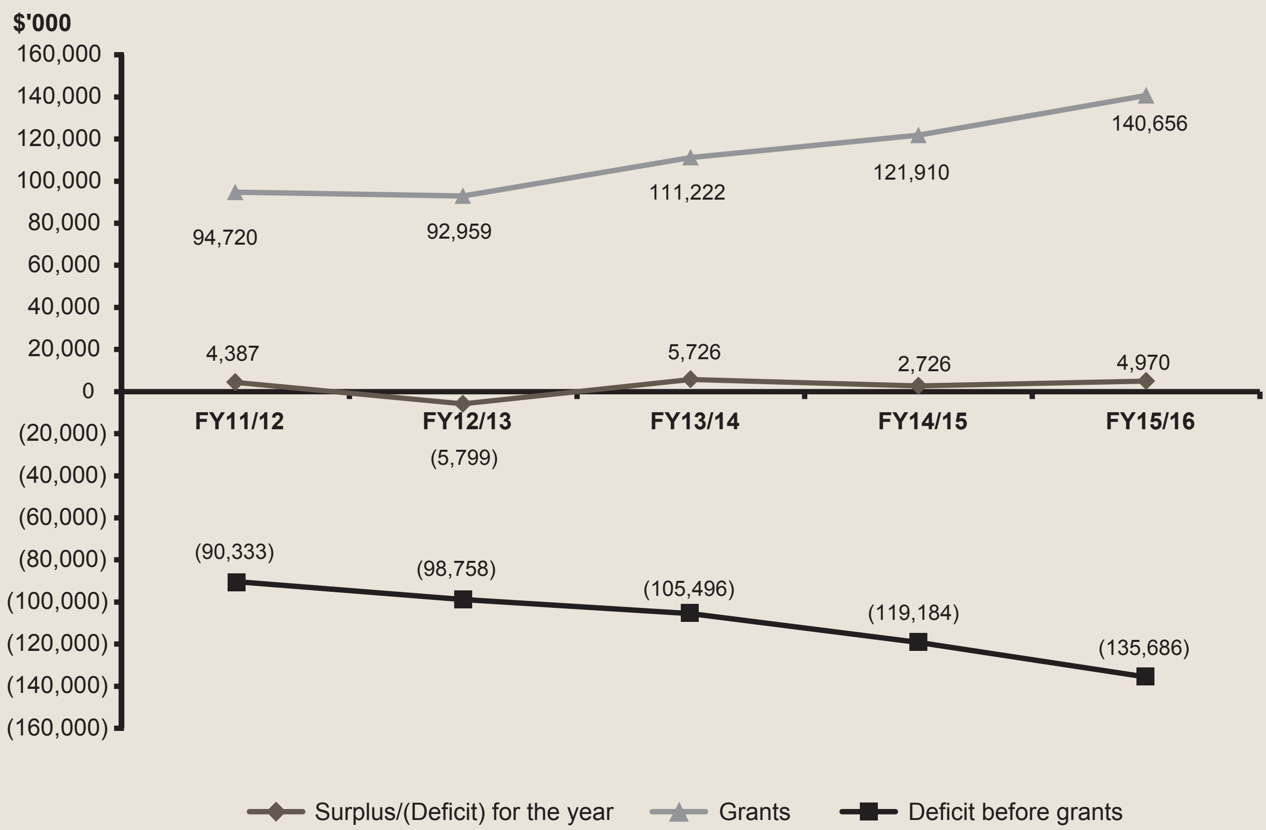
FINANCIAL STATEMENTS

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

INCOME AND EXPENDITURE

	FY11/12	FY12/13	FY13/14	FY14/15	**FY15/16**
	$'000	$'000	$'000	$'000	**$'000**
Income	37,024	35,405	36,242	36,967	36,591
Grant	94,720	92,959	111,222	121,910	140,656
Total income	131,744	128,364	147,464	158,877	177,247
Expenditure	126,463	134,163	140,572	155,691	171,328
Surplus/(Deficit) before contribution to Consolidated Fund and taxation	5,281	(5,799)	6,892	3,186	5,919
Contribution to Consolidated Fund	(893)	-	(1,162)	(459)	(949)
Taxation	(1)	-	(4)	(1)	-
Surplus/(Deficit) for the year	4,387	(5,799)	5,726	2,726	4,970

SURPLUS/(DEFICIT) FOR THE YEAR



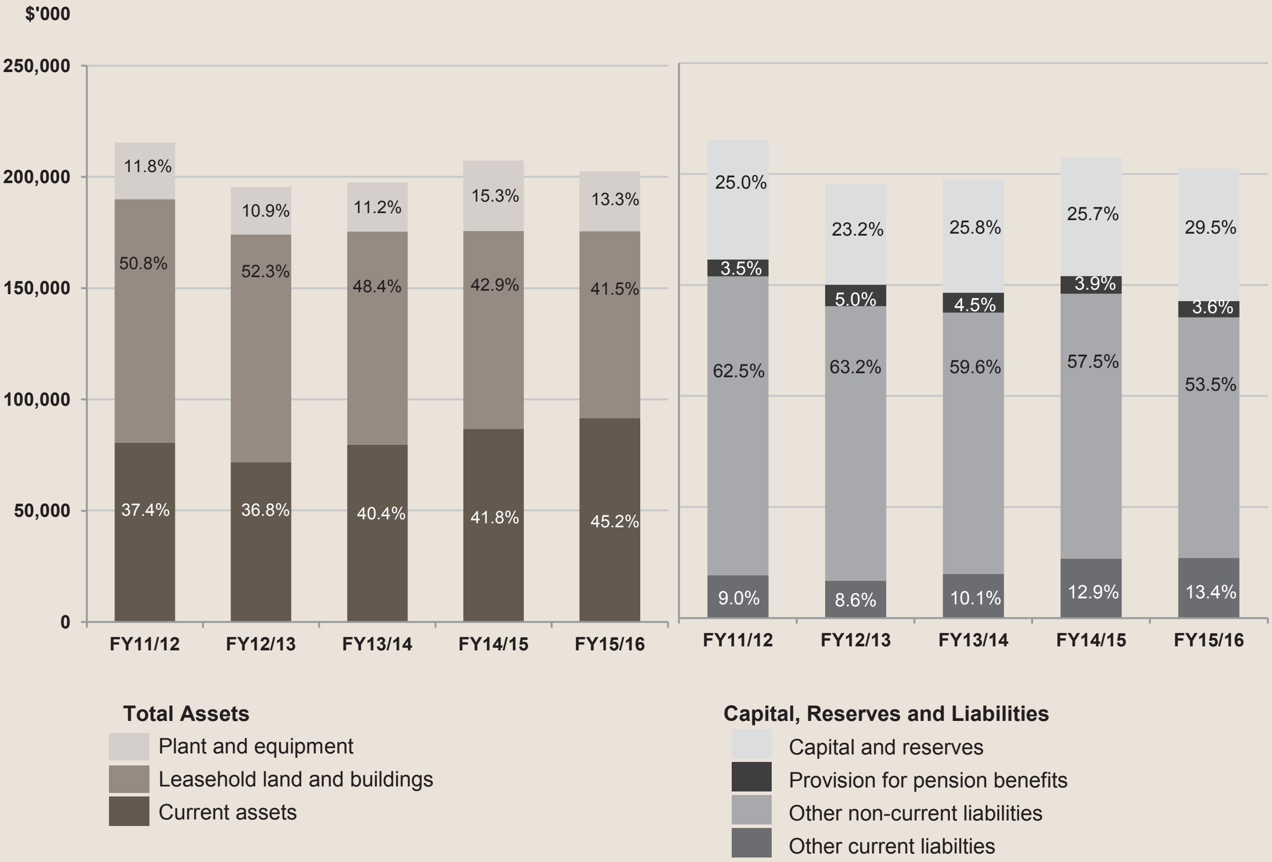
FINANCIAL POSITION

As at 31 March 2016, the Group's total assets amounted to $202.5 million (31 March 2015:$207.4 million). Property, plant and equipment which stood at $110.9 million accounted for 54.8% of the total assets (31 March 2015: 58.2%).

Capital,reserves and liabilities of the Group totalled $202.5 million as at 31 March 2016 (31 March 2015:$207.4 million). Of the $202.5 million, capital and reserves totalled $59.8 million and other non-current liabilities stood at $108.3 million. Provision for pension benefits and other current liabilities accounted for $7.4 million and $27 million respectively.

	FY11/12	FY12/13	FY13/14	FY14/15	**FY15/16**
BALANCE SHEET	$'000	$'000	$'000	$'000	**$'000**
Plant and equipment	25,454	21,321	22,151	31,665	26,895
Leasehold land and buildings	109,322	102,286	95,658	89,029	84,032
Current assets	80,648	71,832	79,751	86,752	91,614
Total assets	215,424	195,439	197,560	207,446	202,541
Capital and reserves	53,866	45,342	51,067	53,406	59,814
Provision for pension benefits	7,618	9,689	8,893	8,009	7,362
Other non-current liabilities	134,649	123,514	117,750	119,283	108,307
Other current liabilities	19,291	16,894	19,850	26,748	27,058
Total capital, reserves and liabilities	215,424	195,439	197,560	207,446	202,541

FINANCIAL POSITION

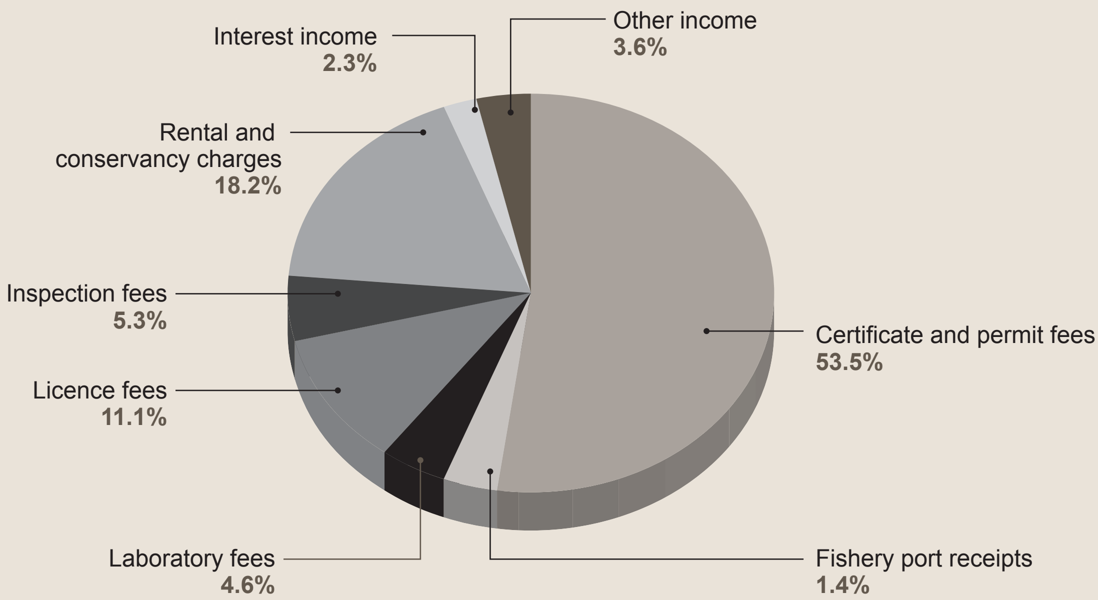


FINANCIAL REVIEW

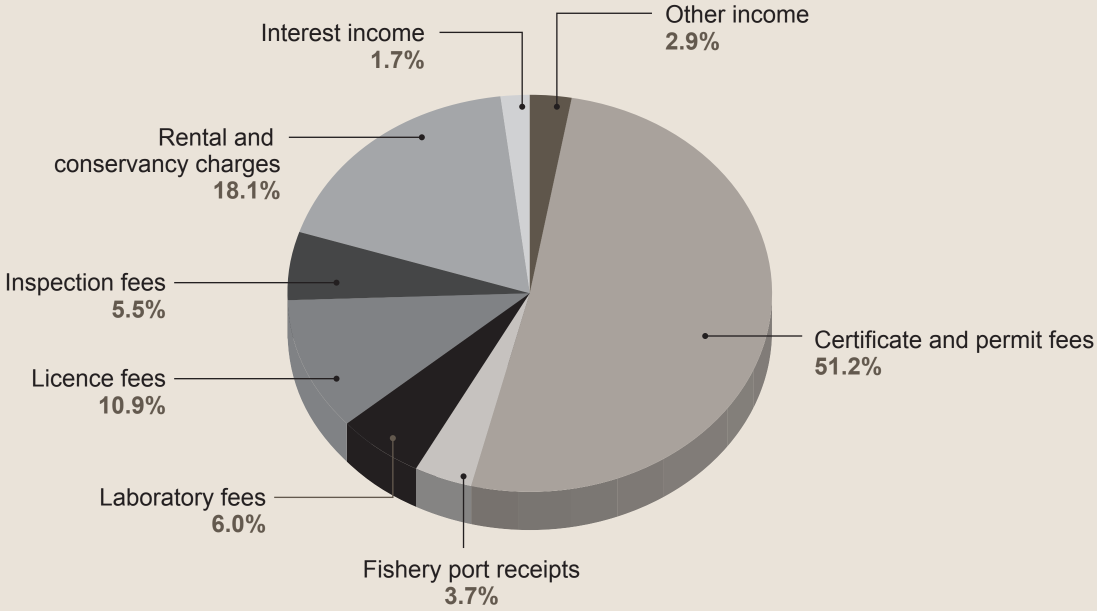
INCOME

The Group's income comprised mainly certificate and permit fees (53.5%); rental income from the fishery ports (18.2%); and licence fees (11.1%). The Group's income decreased by $0.4 million (1%) to $36.5 million in FY15/16 as compared to $36.9 million in FY14/15.

FY15/16: $36.5 mil



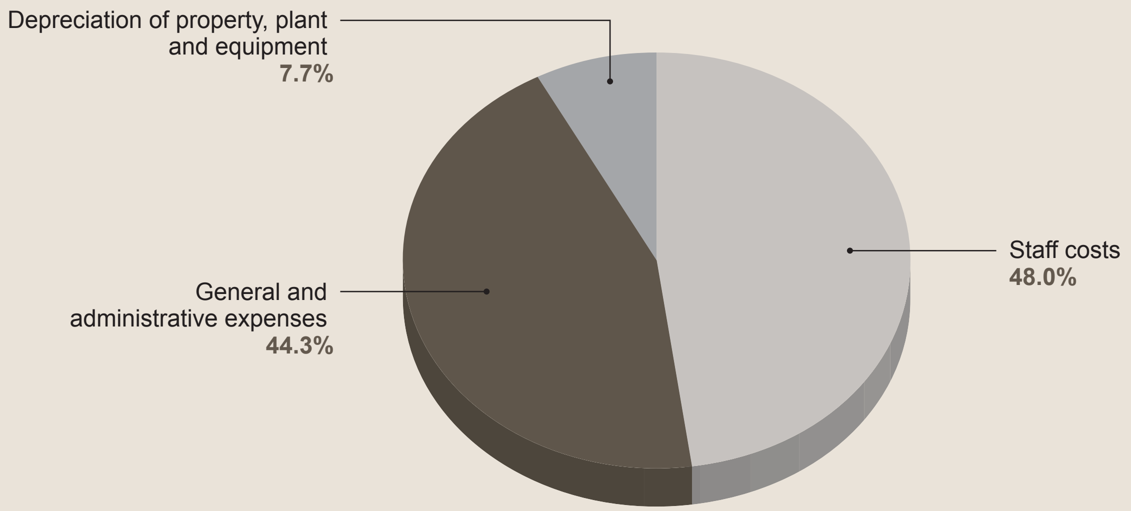
FY14/15: $36.9 mil



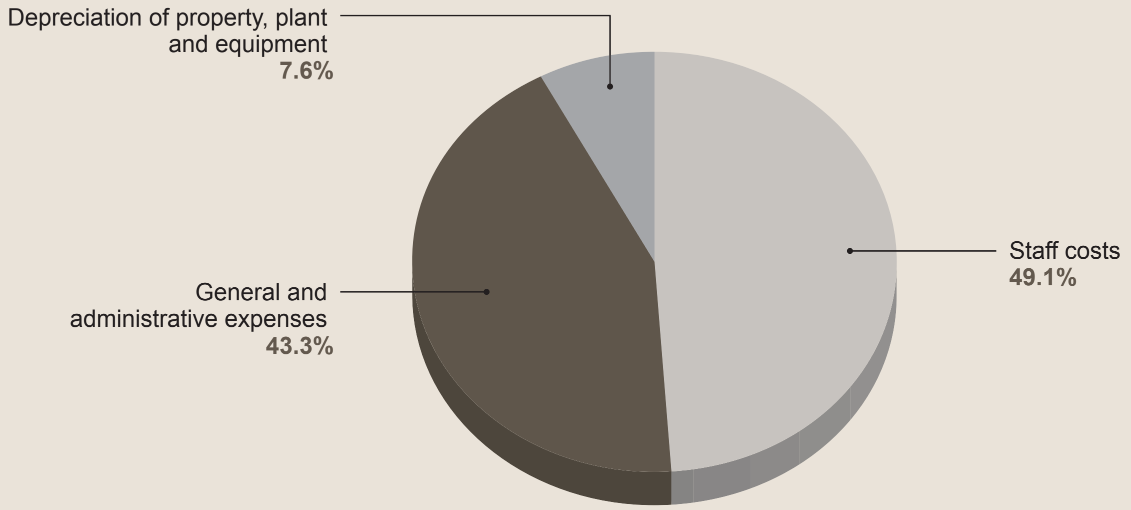
EXPENDITURE

The Group's expenditure comprised mainly staff costs (48%), general and administrative expenses (44.3%) and depreciation (7.7%). The Group's expenditure increased by $15.6 million (10%) for the financial year ended 31 March 2016. The increase was attributed mainly to an increase in general and administrative expenses.

FY15/16: $171.3mil



FY14/15: $155.7mil



STATEMENT BY THE BOARD

FOR THE YEAR ENDED 31 MARCH 2016

In our opinion, the accompanying statement 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 9 to 44 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 2016, 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

Lim Neo Chian
Chairman

Tan Poh Hong
Chief Executive Officer

1 July 2016

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2016

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 2016, 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 2016 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.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2016

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

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

1 July 2016

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Notes	The Authority FY15/16 $	The Authority FY14/15 $	The Group FY15/16 $	The Group FY14/15 $
CAPITAL AND RESERVES					
Share capital	4	1,439,156	1,000	1,439,156	1,000
Accumulated surplus		57,929,451	52,948,896	58,374,769	53,405,241
		59,368,607	52,949,896	59,813,925	53,406,241
Represented by:					
NON-CURRENT ASSETS					
Property, plant and equipment	5	110,926,507	120,694,341	110,926,507	120,694,341
Subsidiary	6	2	2	–	–
		110,926,509	120,694,343	110,926,507	120,694,341
CURRENT ASSETS					
Prepayments		928,076	945,620	930,856	945,620
Trade and other receivables	7	2,487,699	1,627,784	2,600,439	1,653,857
Operating grant receivable from Government		14,609,568	18,840,211	14,609,568	18,840,211
Capital and other grant receivable from Government		4,855,693	1,327,916	4,855,693	1,327,916
Cash and cash equivalents	8	68,253,826	63,485,508	68,617,406	63,984,522
		91,134,862	86,227,039	91,613,962	86,752,126
CURRENT LIABILITIES					
Trade and other payables	9	20,782,402	20,052,563	20,816,182	20,120,496
Amount due to Government	9	13,888	108,686	13,888	108,686
Rental, security and other deposits	9	2,646,291	2,440,027	2,646,291	2,440,027
Capital and other grants received in advance	10	(132,526)	1,160,001	(132,526)	1,160,001
Deferred income		2,765,053	2,409,240	2,765,053	2,409,240
Provision for pension benefits	11	1,913,566	2,161,925	1,913,566	2,161,925
Provision for contribution to Consolidated Fund		949,415	508,580	949,415	508,580
Income tax payable		–	–	–	807
		28,938,089	28,841,022	28,971,869	28,909,762
NET CURRENT ASSETS		62,196,773	57,386,017	62,642,093	57,842,364
NON-CURRENT LIABILITIES					
Provision for pension benefits	11	5,447,993	5,846,778	5,447,993	5,846,778
Deferred capital grants	12	108,019,224	118,996,228	108,019,224	118,996,228
Provision for reinstatement costs		287,458	287,458	287,458	287,458
		113,754,675	125,130,464	113,754,675	125,130,464
		59,368,607	52,949,896	59,813,925	53,406,241
Net assets of MFRD Fund	13	129,047	213,552	129,047	213,552

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	The Authority FY15/16	The Authority FY14/15	The Group FY15/16	The Group FY14/15
		$	$	$	$
INCOME					
Certificate and permit fees		19,557,595	18,937,625	19,557,595	18,937,625
Fishery port receipts		524,219	1,362,210	524,219	1,362,210
Laboratory fees		1,697,466	2,213,826	1,697,466	2,213,826
Licence fees		4,066,514	4,041,387	4,066,514	4,041,387
Inspection fees		1,947,351	2,056,952	1,942,551	2,027,305
Rental and conservancy charges		6,673,126	6,699,432	6,673,126	6,699,432
Interest income		824,728	630,527	827,656	632,796
Other income		1,147,986	865,316	1,301,916	1,052,571
		36,438,985	36,807,275	36,591,043	36,967,152
EXPENDITURE					
Staff costs	14	82,618,845	76,667,154	82,617,965	76,663,374
General and administrative expenses	15	75,848,084	67,243,651	76,012,003	67,388,748
Depreciation of property, plant and equipment	5	13,083,804	11,829,046	13,083,804	11,829,046
Gain on disposal of property, plant and equipment		(40,171)	(13,732)	(40,171)	(13,732)
		171,510,562	155,726,119	171,673,601	155,867,436
DEFICIT BEFORE GRANTS		(135,071,577)	(118,918,844)	(135,082,558)	(118,900,284)
GRANTS					
Operating grants	16	127,111,930	109,514,811	127,111,930	109,514,811
Transfer from capital and other grants received in advance	10	153,600	40,862	153,600	40,862
Transfer from deferred capital grants	12	13,390,841	12,354,815	13,390,841	12,354,815
		140,656,371	121,910,488	140,656,371	121,910,488
SURPLUS BEFORE CONTRIBUTION TO CONSOLIDATED FUND AND TAXATION		5,584,794	2,991,644	5,573,813	3,010,204
Contribution to Consolidated Fund	18	(949,414)	(459,946)	(949,414)	(459,946)
Income tax expense	19	–	–	(46)	(811)
SURPLUS FOR THE YEAR		4,635,380	2,531,698	4,624,353	2,549,447
OTHER COMPREHENSIVE INCOME:					
Actuarial gain on defined benefit plan	11	345,175	176,807	345,175	176,807
Other comprehensive income, net of tax		345,175	176,807	345,175	176,807
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,980,555	2,708,505	4,969,528	2,726,254

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Note	Share Capital $	Accumulated surplus $	Total equity $
The Authority				
Balance at 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 and 1 April 2015		1,000	52,948,896	52,949,896
Equity injection for the year	4	1,438,156	–	1,438,156
Surplus for the year		–	4,635,380	4,635,380
Other comprehensive income for the year, net of tax		–	345,175	345,175
Total comprehensive income for the year		–	4,980,555	4,980,555
Balance at 31 March 2016		1,439,156	57,929,451	59,368,607
The Group				
Balance at 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 and 1 April 2015		1,000	53,405,241	53,406,241
Equity injection for the year	4	1,438,156	–	1,438,156
Surplus for the year		–	4,624,353	4,624,353
Other comprehensive income for the year, net of tax		–	345,175	345,175
Total comprehensive income for the year		–	4,969,528	4,969,528
Balance at 31 March 2016		1,439,156	58,374,769	59,813,925

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	FY15/16	FY14/15
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit before grants	(135,082,558)	(118,900,284)
Adjustments for:		
Depreciation of property, plant and equipment	13,083,804	11,829,046
Gain on disposal of property, plant and equipment	(40,171)	(13,732)
Property, plant and equipment written-off	539,534	425,314
Interest income	(827,656)	(632,796)
Provision for pension benefits	235,145	257,248
Operating deficit before working capital changes	(122,091,902)	(107,035,204)
Changes in working capital excluding cash and cash equivalents:		
Prepayments	14,764	(118,273)
Trade and other receivables	(721,843)	(314,667)
Trade and other payables	1,539,840	7,396,413
Amount due to Government	(94,798)	108,686
Rental, security and other deposits	206,264	28,903
Deferred income	355,813	159,827
Provision for pension benefits	(537,114)	(964,301)
Provision for reinstatement costs	–	287,458
	(121,328,976)	(100,451,158)
Payment of contribution to Consolidated Fund	(508,579)	(1,113,760)
Payment of income tax	(853)	(5,101)
Net cash used in operating activities	(121,838,408)	(101,570,019)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (Note A)	(8,518,063)	(7,603,309)
Proceeds from disposal of property, plant and equipment	8,333	26,580
Interest income received	602,917	431,082
Net cash used in investing activities	(7,906,813)	(7,145,647)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	–	(388,000)
Injection of equity (Note 4)	1,438,156	–
Government grants received	132,939,949	96,660,536
Cash generated from financing activities	134,378,105	96,272,536
Net increase/(decrease) in cash and cash equivalents	4,632,884	(12,443,130)
Cash and cash equivalents at beginning of year	63,984,522	76,427,652
Cash and cash equivalents at end of year (Note 8)	68,617,406	63,984,522

Note A:

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $7,710,133 (FY14/15: $15,152,390) of which $3,316 (FY14/15: $847,470) is yet to be paid as at the end of the financial year. Cash payments of $8,518,063 (FY14/15: $7,603,309) were made to purchase property, plant and equipment.

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

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 $).

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 2016 is $110,926,507 (FY14/15: $120,694,341). 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 2016 is $7,361,559 (FY14/15: $8,008,703). 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.

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 2015. 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**
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
Improvements to SB-FRSs (November 2014)	
(a) Amendments to SB-FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
(b) Amendments to SB-FRS 107 Financial Instruments: Disclosures	1 January 2016
(c) Amendments to SB-FRS 19 Employee Benefits	1 January 2016
Amendments to SB-FRS 110 & SB-FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to SB-FRS 1: Disclosure Initiative	1 January 2016
Amendments to SB-FRS 110, SB-FRS 112 and SB-FRS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016
SB-FRS 1001 Accounting and Disclosure for Non-Exchange Revenue	1 January 2017
SB-FRS 115 Revenue from Contracts with Customers	1 January 2018
SB-FRS 109 Financial Instruments	1 January 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *New SB-FRS and INT SB-FRS issued but not yet effective (continued)*

With the exception of SB-FRS 115, SB-FRS 1001 and SB-FRS 109, 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. The nature of the impending changes in accounting policy on adoption of SB-FRS 109 is described below.

SB-FRS 115 *Revenue from Contracts with Customers*

SB-FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under SB-FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in SB-FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of SB-FRS 115 and plans to adopt the new standard on the required effective date.

SB-FRS 1001 *Accounting and Disclosure for Non-Exchange Revenue*

SB-FRS 1001 specifies the financial reporting requirements for recognition, measurement and disclosure of non-exchange revenue received by Statutory Boards (SBs). Revenue is recognised when the SB obtains control of the resources or has an enforceable claim to the resources and shall initially be measured at its fair value at the date of acquisition. SBs are required to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from non-exchange revenue.

Early adoption is permitted. The Group is currently assessing the impact of SB-FRS 1001 and plans to adopt the standard on the required effective date.

SB-FRS 109 *Financial Instruments*

SB-FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SB-FRS 109 are based on an expected credit loss model and replace the SB-FRS 39 incurred loss model.

SB-FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of SB-FRS 109 and plans to adopt the standard on the required effective date.

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.

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:

	Years
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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 *Property, plant and equipment and depreciation (continued)*

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.

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.

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

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.

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.

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 (“MOF”), 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.

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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 *Income tax*

(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.

4. CAPITAL ACCOUNT

Share capital

	The Authority and the Group			
	FY15/16		FY14/15	
	No. of shares	$	No. of shares	$
At beginning of the financial year	1,000	1,000	1,000	1,000
Equity injection for the year	1,438,156	1,438,156	–	–
At end of the financial year	1,439,156	1,439,156	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.

During the year, a further $1,438,156 (2014/2015: $nil) was injected into the Authority for project funding. The recognition of equity injection is based on the accounting policy of the Authority as stated in Note 3.13.

Dividend

In accordance with the Capital Management Framework for Statutory Board, the Authority declared and paid a dividend of $nil for the financial year ended 31 March 2016 (FY14/15: $388,000).

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 2014	185,248,146	3,700,809	19,431,410	5,411,270	42,149,083	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 and 1 April 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
Additions	–	309,343	129,950	3,225	2,900,803	411,882	3,954,930	7,710,133
Disposals/written off	–	(292,652)	(90,487)	(760,261)	(765,495)	(108,501)	(3,951,272)	(5,968,668)
Transfers	1,774,965	–	324,893	(3,096,387)	273,267	6,122,735	(5,399,473)	–
At 31 March 2016	187,023,111	3,649,800	19,438,075	8,531,802	44,240,471	13,743,310	4,086,217	280,712,786
Accumulated depreciation:								
At 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 and 1 April 2015	96,218,851	2,305,271	17,585,568	5,122,381	31,217,037	5,827,872	–	158,276,980
Depreciation for the year	6,772,272	337,642	297,383	1,592,092	2,881,990	1,261,407	–	13,142,786
Disposals/written off	–	(292,653)	(89,493)	(380,737)	(762,103)	(108,501)	–	(1,633,487)
Transfers	–	–	–	(943,510)	–	943,510	–	–
At 31 March 2016	102,991,123	2,350,260	17,793,458	5,390,226	33,336,924	7,924,288	–	169,786,279
Net book value:								
At 31 March 2016	84,031,988	1,299,540	1,644,617	3,141,576	10,903,547	5,819,022	4,086,217	110,926,507
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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

During the year, assets classified as development work-in-progress amounting to $3,850,243 was transferred to the Ministry of National Development.

6. SUBSIDIARY

	The Authority	
	FY15/16	FY14/15
	$	$
Unquoted equity shares, at cost	2	2

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

Name of company	Principal activity	Equity interest	
		FY15/16	FY14/15
		%	%
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	
	FY15/16	FY14/15	FY15/16	FY14/15
	$	$	$	$
Trade receivables	1,760,244	1,262,849	1,872,984	1,288,922
Less: Allowance for impairment	(44,823)	(42,182)	(44,823)	(42,182)
Net trade receivables	1,715,421	1,220,667	1,828,161	1,246,740
Other receivables	772,278	407,117	772,278	407,117
Total trade and other receivables	2,487,699	1,627,784	2,600,439	1,653,857
Add: Cash and cash equivalents (Note 8)	68,253,826	63,485,508	68,617,406	63,984,522
Total loans and receivables	70,741,525	65,113,292	71,217,845	65,638,379

7. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables are non-interest bearing and are generally on 30 days (FY14/15: 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.

8. CASH AND CASH EQUIVALENTS

	The Authority		The Group	
	FY15/16	FY14/15	FY15/16	FY14/15
	$	$	$	$
Cash and bank balances	68,253,826	63,485,508	68,311,093	63,681,137
Fixed deposits with financial institutions	–	–	306,313	303,385
	68,253,826	63,485,508	68,617,406	63,984,522

Cash and bank balances include $68,355,538 (FY14/15: $63,551,687) 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 2016 was 1.21% (FY14/15: 0.85%) per annum.

9. TRADE AND OTHER PAYABLES

	The Authority		The Group	
	FY15/16	FY14/15	FY15/16	FY14/15
	$	$	$	$
Trade payables	8,787,993	6,472,851	8,821,773	6,540,784
Amount payable with respect to capital expenditure	3,316	847,470	3,316	847,470
Accrued operating expenses	11,991,093	12,732,242	11,991,093	12,732,242
Total trade and other payables	20,782,402	20,052,563	20,816,182	20,120,496
Add:				
Amount due to Government	13,888	108,686	13,888	108,686
Rental, security and other deposits	2,646,291	2,440,027	2,646,291	2,440,027
Total financial liabilities	23,442,581	22,601,276	23,476,361	22,669,209

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

10. CAPITAL AND OTHER GRANTS RECEIVED IN ADVANCE

	The Authority and the Group	
	FY15/16	FY14/15
	$	$
Balance at the beginning of the financial year	1,160,001	1,892,560
Received/receivable during the financial year	1,035,328	7,814,848
Transfer to Deferred capital grants (Note 12)	(2,174,255)	(8,506,545)
Transfer to statement of comprehensive income	(153,600)	(40,862)
Balance at the end of the financial year	(132,526)	1,160,001

During the year, the Authority received and paid $11,771,026 (FY14/15: $710,746) to government agencies and private companies in relation to several development projects.

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	
	FY15/16	FY14/15
	$	$
Current service cost	119,261	135,737
Interest cost on benefit obligation	115,884	121,511
	235,145	257,248

11. PENSION BENEFITS (continued)

Changes in the present value of the defined benefit obligation are as follows:

	The Authority and the Group	
	FY15/16	FY14/15
	$	$
Balance at the beginning of the financial year	8,008,703	8,892,563
Interest cost (Note 14)	115,884	121,511
Current service cost (Note 14)	119,261	135,737
Actuarial gain on valuation	(345,175)	(176,807)
Payments during the financial year	(537,114)	(964,301)
Balance at the end of the financial year	7,361,559	8,008,703

The provision for pension benefits is payable as follows:

	The Authority and the Group	
	FY15/16	FY14/15
	$	$
Within one year	1,913,566	2,161,925
After one year	5,447,993	5,846,778
	7,361,559	8,008,703

The actuarial valuation of the present value of the defined benefit obligation was carried out as at 31 March 2016 by a qualified independent actuary using the projected unit credit method in accordance to SB-FRS 19.

The actuarial assumptions used in computing the pension benefits are:

<table>
<tr><td></td><td colspan="2">FY15/16</td><td>FY14/15</td></tr>
<tr><td rowspan="2">Discount rate:</td><td>Active employees</td><td>0.81% per annum</td><td rowspan="2">1.8% per annum for both active employees and retirees</td></tr>
<tr><td>Retirees</td><td>1.92% per annum</td></tr>
<tr><td>Salary inflation:</td><td colspan="2">2.00% per annum</td><td>2.00% per annum</td></tr>
<tr><td>Mortality rate:</td><td colspan="2">S0408 Singapore mortality table</td><td>S0408 Singapore mortality table</td></tr>
<tr><td>Retirement age:</td><td colspan="2">60 years old</td><td>60 years old</td></tr>
</table>

11. PENSION BENEFITS (continued)

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:

		Impact on defined obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rates			
- Active employees	0.25%	(16,439)	16,594
- Retirees	0.25%	(123,401)	129,226
Future salary increases			
- Active employees	0.25%	20,962	(20,845)
- Retirees	0.25%	–	–
Mortality rates			
- Active employees	10%	(85)	85
- Retirees	10%	(119,518)	129,993

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

The Authority expects to contribute $286,680 (FY14/15: $221,977) to the defined benefit pension plans in the financial year ending 31 March 2017.

The average duration of the defined benefit obligation at the end of the reporting period is 7 years (FY14/15: 6 years).

12. DEFERRED CAPITAL GRANTS

	The Authority and the Group	
	FY15/16	FY14/15
	$	$
Government grants		
Balance at beginning of the financial year	118,996,228	117,749,995
Transfer from capital grants (Note 10)	2,174,255	8,506,545
Transfer from operating grants (Note 16)	4,089,825	5,094,503
Asset transfer to MND (Note 5)	(3,850,243)	–
	121,410,065	131,351,043
Grants taken to statement of comprehensive income		
- to match depreciation	(12,878,444)	(11,780,368)
- to match disposals	(4,387)	(12,848)
- to match capital items expensed-off	(508,010)	(561,599)
	(13,390,841)	(12,354,815)
Balance at the end of the financial year	108,019,224	118,996,228

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			
	FY15/16		FY14/15	
	S$	US$	S$	US$
ACCUMULATED SURPLUS	129,047	95,428	213,552	155,446
Represented by:				
CURRENT ASSETS				
Cash and bank balances	19,015	14,061	11,034	8,032
Fixed deposits	110,032	81,367	202,518	147,414
	129,047	95,428	213,552	155,446
Net current assets, representing net assets	129,047	95,428	213,552	155,446

The income and expenditure of the fund for the years ended 31 March 2016 and 2015 are as follows:

	The Authority and the Group			
	FY15/16		FY14/15	
	S$	US$	S$	US$
INCOME				
Interest from fixed deposits	743	550	748	544
Less:				
EXPENDITURE				
General and administrative expenses	85,248	63,038	69,630	50,684
	(84,505)	(62,488)	(68,882)	(50,140)

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$1.3523 (31 March 2015: US$1 = S$1.3738).

14. STAFF COSTS

	The Authority		The Group	
	FY15/16	FY14/15	FY15/16	FY14/15
	$	$	$	$
Salaries, allowances and bonus	68,777,709	64,598,068	68,777,709	64,598,068
Central Provident Fund contributions	7,901,507	6,924,151	7,901,507	6,924,151
Pension benefits (Note 11)	235,145	257,248	235,145	257,248
Other staff costs	5,704,484	4,887,687	5,703,604	4,883,907
	82,618,845	76,667,154	82,617,965	76,663,374

	The Authority and the Group	
	FY15/16	FY14/15
	$	$
Staff costs include key management remuneration as follows:		
Short term employee benefits	4,633,431	4,798,000
Post-employment benefits	135,978	39,328
	4,769,409	4,837,328

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

15. GENERAL AND ADMINISTRATIVE EXPENSES

	The Authority		The Group	
	FY15/16	FY14/15	FY15/16	FY14/15
	$	$	$	$
Transport and travel	749,495	707,942	771,078	719,757
Office supplies	832,855	893,019	833,191	893,682
Laboratory supplies	3,247,488	2,373,839	3,247,488	2,373,839
Utilities	2,189,527	2,649,052	2,189,527	2,649,052
Rental - operating leases	7,429,842	7,196,571	7,431,872	7,199,498
Rental - others	14,313	23,657	14,313	23,657
Maintenance of office premises	7,449,404	7,230,830	7,449,404	7,230,830
Maintenance of information systems	9,453,716	9,533,568	9,453,716	9,533,568
Maintenance of office and laboratory equipment	2,124,239	1,889,390	2,124,239	1,889,390
Auditors' remuneration	79,000	76,000	81,200	78,200
Laboratory fees	6,551,982	5,566,571	6,551,982	5,566,571
Public education	1,294,447	1,206,410	1,294,447	1,206,410
Professional fees	619,576	852,627	735,578	955,941
Estate management fee	3,674,466	2,825,244	3,674,466	2,825,244
Board honorarium	132,341	110,779	149,221	127,659
Goods and services tax	3,870,005	3,410,126	3,870,005	3,410,126
Security services	1,774,349	1,708,264	1,774,349	1,708,264
HPAI expenditure	441,330	576,329	441,330	576,329
Property tax	1,451,500	1,448,300	1,451,500	1,448,300
Food fund	5,377,055	5,628,338	5,377,055	5,628,338
Payment to international organisations	2,807,293	2,692,928	2,807,293	2,692,928
Property, plant and equipment written off	539,534	425,314	539,534	425,314
Other operating expenses	13,744,327	8,218,553	13,749,215	8,225,851
	75,848,084	67,243,651	76,012,003	67,388,748

16. OPERATING GRANTS

	The Authority and the Group	
	FY15/16	FY14/15
	$	$
Received/receivable during the financial year	131,201,755	114,609,314
Transfer to deferred capital grants (Note 12)	(4,089,825)	(5,094,503)
Transfer to statement of comprehensive income	127,111,930	109,514,811

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	
	FY15/16	FY14/15
	$	$
Capital grants	299,873,820	298,838,492
Operating grants	1,169,778,899	1,038,577,144
	1,469,652,719	1,337,415,636

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% (FY14/15: 17%) of the surplus for the year.

	The Authority and the Group	
	FY15/16	FY14/15
	$	$
Current year provision	949,415	508,580
Over provision from prior year	(1)	(48,634)
	949,414	459,946

19. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 March 2016 and 2015 are:

	The Group	
	FY15/16	FY14/15
	$	$
Current income tax expense	–	807
Under provision in respect of prior years	46	4
	46	811

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2016 and 2015 are as follows:

	FY15/16	FY14/15
Surplus before contribution to Consolidated Fund and taxation	5,573,813	3,010,204
Less: The Authority's surplus before contribution to Consolidated Fund and income tax expense	5,584,794	2,991,644
The subsidiary's (deficit)/surplus before income tax expense	(10,981)	18,560
Income tax at statutory rate of 17% (FY14/15: 17%)	(1,867)	3,155
Singapore statutory stepped income exemption and tax rebate	–	(2,348)
Non-deductible expenses	112	–
Deferred tax assets not recognised	1,755	–
Under provision of income tax expense in respect of prior years	46	4
	46	811

As at 31 March 2016, the Group has unabsorbed losses of approximately $10,000 (2015: nil) available for set-off against future taxable income, subject to compliance with the relevant provisions of the Singapore Income Tax Act and agreement within the tax authorities.

Deferred tax asset arising from the unabsorbed tax losses have not been recognised since there is no reasonable certainty of their realisation in future periods.

20. CAPITAL COMMITMENT

Capital expenditure contracted during the financial year but not provided for in the financial statements amounted to $11,347,607 (FY14/15: $18,706,141) 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	
	FY15/16	FY14/15
	$	$
Not later than one financial year	7,158,187	8,347,601
Later than one financial year but not later than five financial years	15,939,251	23,031,918
	23,097,438	31,379,519

The leases for office premises which were contracted with rent payable will expire from 31 May 2016 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	
	FY15/16	FY14/15
	$	$
Not later than one financial year	4,797,106	5,015,668
Later than one financial year but not later than five financial years	3,691,179	6,365,470
	8,488,285	11,381,138

The leases on the premises of the Authority's Fishery Ports which were contracted with rent receivable will expire from 30 April 2016 to 14 March 2019.

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

	FY15/16	FY14/15
	$	$
Expenditure paid to:		
Ministry of National Development	5,435,466	5,028,124
Health Sciences Authority	6,504,201	5,506,970
Subsidiary	880	3,780
Grants/Income received from:		
Ministry of National Development	126,154,811	96,960,788
Subsidiary	4,814	29,647
Amount due to:		
Ministry of National Development	–	9,343
Amount due from:		
Ministry of National Development	19,147,599	20,168,127

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.

23. FINANCIAL RISK MANAGEMENT (continued)

(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.

(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	
	FY15/16	FY14/15	FY15/16	FY14/15
	$	$	$	$
Trade receivables	1,760,244	1,262,849	1,872,984	1,288,922
Other receivables	772,278	407,117	772,278	407,117
Total	2,532,522	1,669,966	2,645,262	1,696,039

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.

23. FINANCIAL RISK MANAGEMENT (continued)

(c) *Credit risk (continued)*

(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	
	FY15/16	FY14/15	FY15/16	FY14/15
	$	$	$	$
≤ 90 days	160,391	48,574	241,391	49,474
> 90 days	53,441	74,312	75,942	74,312

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	
	FY15/16	FY14/15
	$	$
Balance at beginning of the financial year	42,182	25,838
Amount charged for the year	39,198	36,460
Amount written off	(3,408)	(3,951)
Amount written back	(33,149)	(16,165)
Balance at end of the financial year (Note 7)	44,823	42,182

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	
	FY15/16	FY14/15
	$	$
The Authority		
Financial assets		
Trade and other receivables	2,487,699	1,627,784
Cash and cash equivalents	68,253,826	63,485,508
	70,741,525	65,113,292
Financial liabilities		
Trade and other payables	20,782,402	20,052,563
Amount due to Government	13,888	108,686
Rental, security and other deposits	2,646,291	2,440,027
	23,442,581	22,601,276
The Group		
Financial assets		
Trade and other receivables	2,600,439	1,653,857
Cash and cash equivalents	68,617,406	63,984,522
	71,217,845	65,638,379
Financial liabilities		
Trade and other payables	20,816,182	20,120,496
Amount due to Government	13,888	108,686
Rental, security and other deposits	2,646,291	2,440,027
	23,476,361	22,669,209

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 2016 were authorised for issue by the Board Members of the Authority on 1 July 2016.

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AVA
Agri-Food & Veterinary
Authority of Singapore

AGRI-FOOD & VETERINARY AUTHORITY
52 Jurong Gateway Road
#14-00 JEM Office Tower
Singapore 608550

www.ava.gov.sg