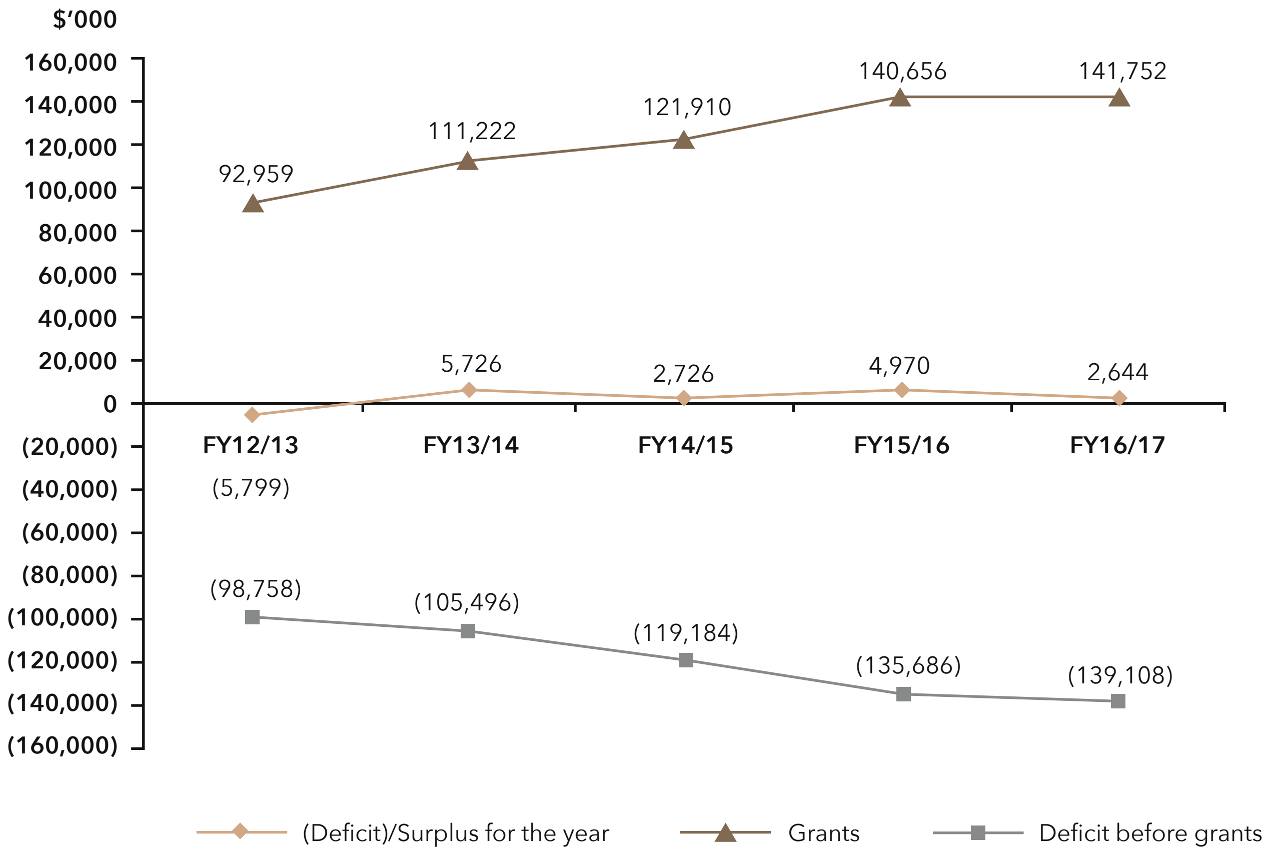
Financial Statements

Year ended 31 March 2017

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

INCOME AND EXPENDITURE	FY12/13	FY13/14	FY14/15	FY15/16	**FY16/17**
	$'000	$'000	$'000	$'000	**$'000**
Income	35,405	36,242	36,967	36,591	37,054
Grant	92,959	111,222	121,910	140,656	141,752
Total income	128,364	147,464	158,877	177,247	178,806
Expenditure	134,163	140,572	155,691	171,328	175,595
Surplus/(Deficit) before contribution to Consolidated Fund and taxation	(5,799)	6,892	3,186	5,919	3,211
Contribution to Consolidated Fund	-	(1,162)	(459)	(949)	(567)
Taxation	-	(4)	(1)	-	-
Surplus/(Deficit) for the year	(5,799)	5,726	2,726	4,970	2,644

SURPLUS/(DEFICIT) FOR THE YEAR



FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP (Continued)

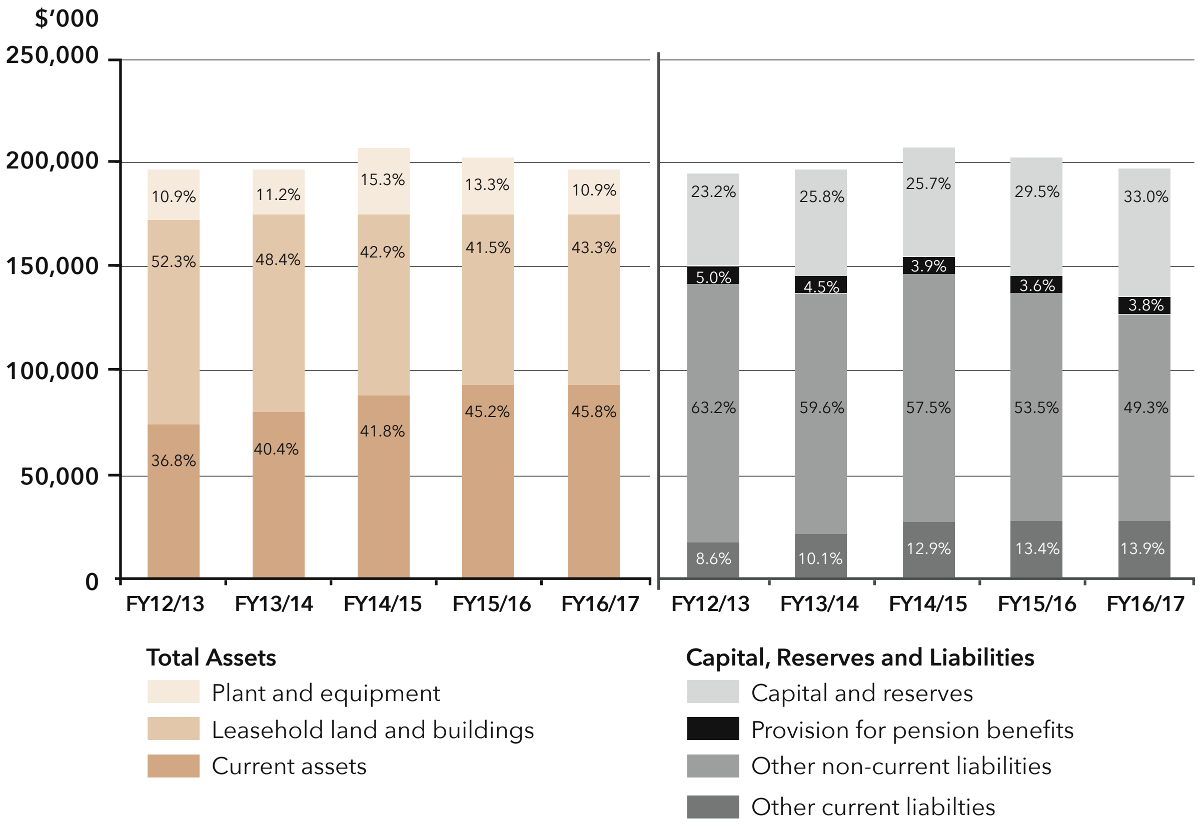
FINANCIAL POSITION

As at 31 March 2017, the Group's total assets amounted to $198 million (31 March 2016: $202.5 million). Property, plant and equipment which stood at $107.4 million accounted for 54.2% of the total assets (31 March 2016: 54.8%).

Capital, reserves and liabilities of the Group totalled $198 million as at 31 March 2017 (31 March 2016: $202.5 million). Of the $198 million, capital and reserves totalled $65.2 million and other non-current liabilities stood at $97.7 million. Provision for pension benefits and other current liabilities accounted for $7.4 million and $27.6 million respectively.

BALANCE SHEET	FY12/13	FY13/14	FY14/15	FY15/16	**FY16/17**
	$'000	$'000	$'000	$'000	**$'000**
Plant and equipment	21,321	22,151	31,665	26,895	**21,523**
Leasehold land and buildings	102,286	95,658	89,029	84,032	**85,856**
Current assets	71,832	79,751	86,752	91,614	**90,644**
Total assets	195,439	197,560	207,446	202,541	**198,023**
Capital and reserves	45,342	51,067	53,406	59,814	**65,246**
Provision for pension benefits	9,689	8,893	8,009	7,362	**7,473**
Other non-current liabilities	123,514	117,750	119,283	108,307	**97,695**
Other current liabilities	16,894	19,850	26,748	27,058	**27,609**
Total capital, reserves and liabilities	195,439	197,560	207,446	202,541	**198,023**

FINANCIAL POSITION

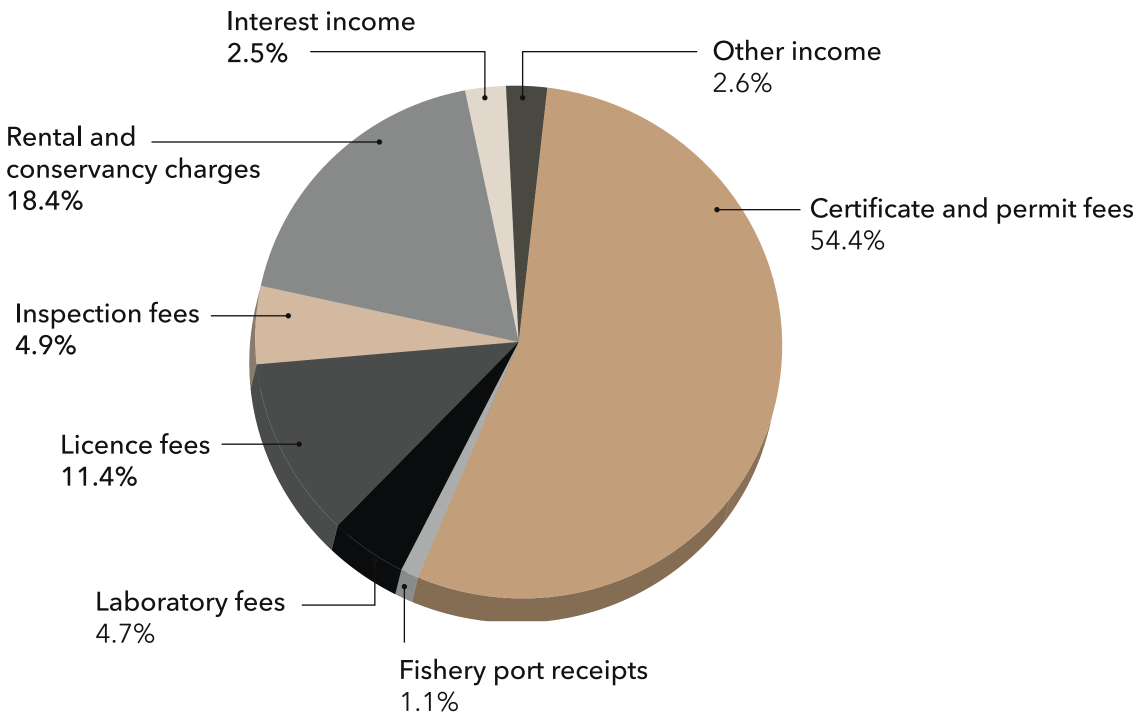


FINANCIAL REVIEW

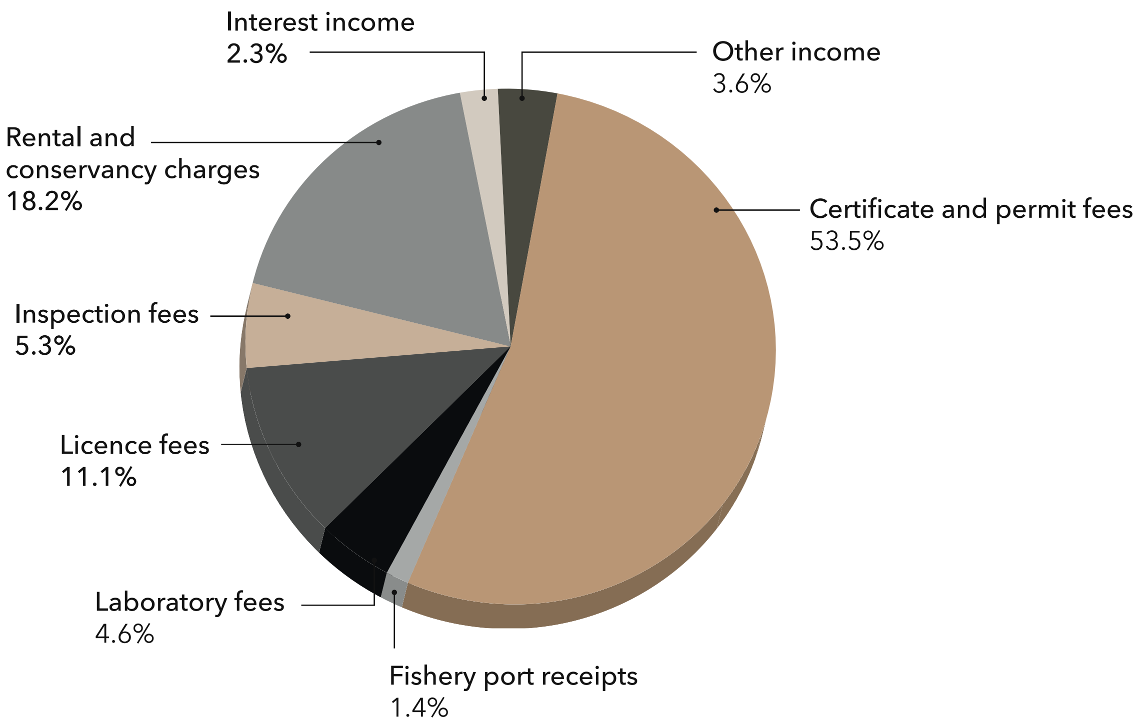
INCOME

The Group's income comprised mainly certificate and permit fees (54.4%); rental income from the fishery ports (18.4%); and licence fees (11.3%). The Group's income increased by $0.5 million (1.4%) to $37 million in FY16/17 as compared to $36.5 million in FY15/16.

FY16/17: $37.0 mil



FY15/16: $36.5 mil

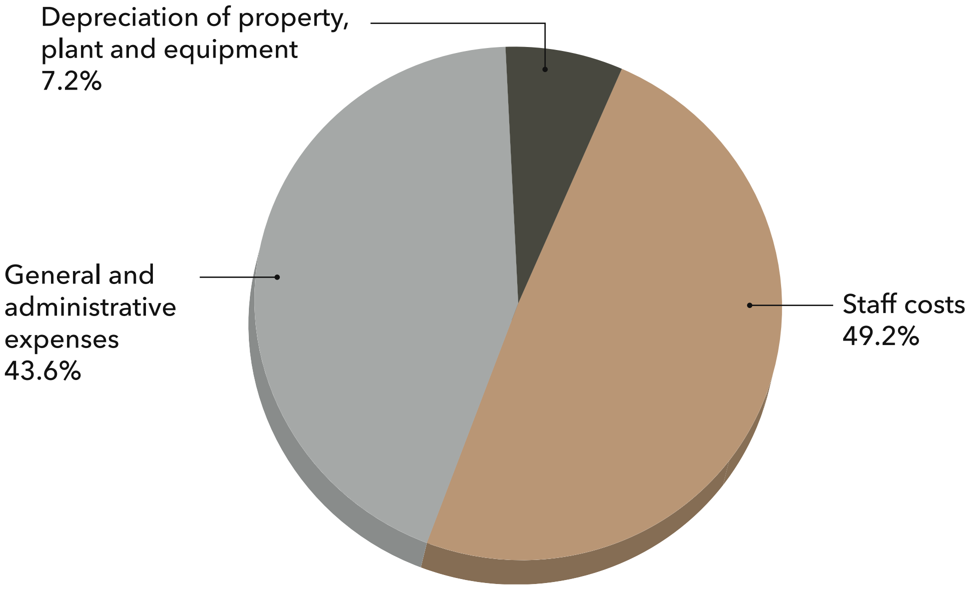


FINANCIAL REVIEW (Continued)

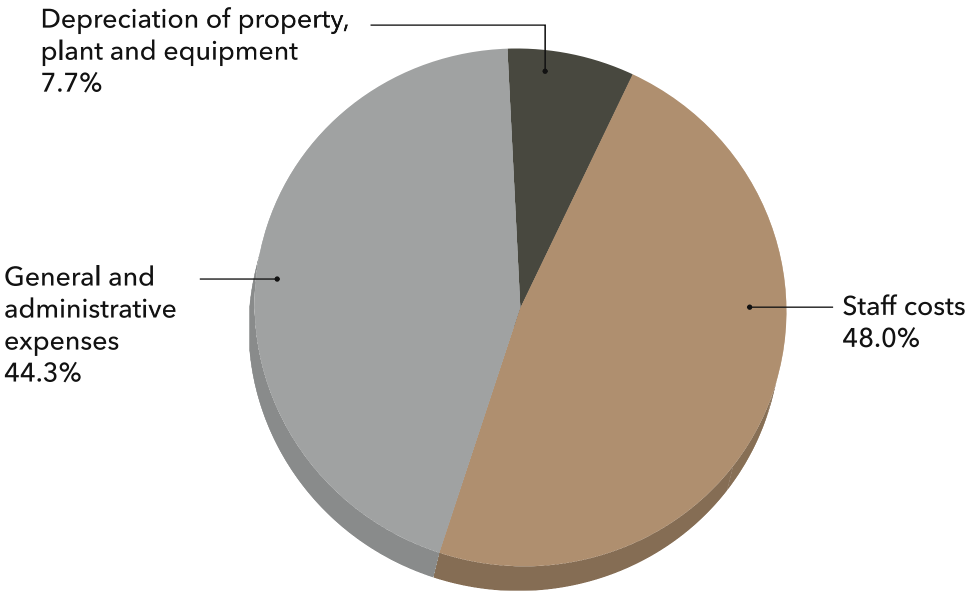
EXPENDITURE

The Group's expenditure comprised mainly staff costs (49.2%), general and administrative expenses (43.6%) and depreciation (7.2%). The Group's expenditure increased by $3.9 million (2.2%) for FY16 as compared to last financial year.

FY16/17: $175.6 mil



FY15/16: $171.7 mil



STATEMENT BY THE BOARD
FOR THE YEAR ENDED 31 MARCH 2017

In the opinion of the members of the Board:

(a) the accompanying financial statements of the Agri-Food and Veterinary Authority (the "Authority") and its subsidiary (the "Group") as set out on pages 10 to 45 are drawn up in accordance with the provisions of the Agri-Food and Veterinary Authority Act (Chapter 5, 2012 Revised Edition) and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Authority and the Group as at 31 March 2017, 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.

(b) proper accounting and other records have been kept, including records of all assets of the Authority whether purchase, donated or otherwise; and

(c) the receipts, expenditure, investment of moneys and acquisition and disposal of assets by the Authority during the financial year ended 31 March 2017 have been in accordance with the provisions of the Act.

The Board of Agri-Food and Veterinary Authority has, on the date of this statement, authorised these financial statements for issue.

On behalf of the members of the Board

Lim Neo Chian
Chairman

Tan Poh Hong
Chief Executive Officer

19 May 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF THE AGRI-FOOD AND VETERINARY AUTHORITY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Agri-Food and Veterinary Authority (the "Authority"), and its subsidiary (the "Group"), which comprise the consolidated statement of financial position of the Group and statement of financial position of the Authority as at 31 March 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows of the Group and the statement of comprehensive income, statement of changes in equity of the Authority for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, 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 Agri-Food and Veterinary Authority Act Chapter 5, 2012 Revised Edition (the "Act") and the 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 2017 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.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements of the Group for the year ended 31 March 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 1 July 2016.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report comprises the Statement by the Board, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Act and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF THE AGRI-FOOD AND VETERINARY AUTHORITY

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements (Continued)

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as appropriate, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Group or for the Group to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF THE AGRI-FOOD AND VETERINARY AUTHORITY

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion,

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the year are, in all material respects, in accordance with the provisions of the Act; and

(b) proper accounting and other records have been kept, including records of all assets of the Authority whether purchased, donated or otherwise.

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of the Group in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the 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 Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the 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 Authority's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

BDO LLP

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
19 May 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Notes	The Authority FY16/17 $	The Authority FY15/16 $	The Group FY16/17 $	The Group FY15/16 $
CAPITAL AND RESERVES					
Share capital	4	8,809,767	1,439,156	8,809,767	1,439,156
Accumulated surplus		56,108,672	57,929,451	56,436,101	58,374,769
		64,918,439	59,368,607	65,245,868	59,813,925
Represented by:					
NON-CURRENT ASSETS					
Property, plant and equipment	5	107,379,216	110,926,507	107,379,216	110,926,507
Subsidiary	6	2	2	-	-
		107,379,218	110,926,509	107,379,216	110,926,507
CURRENT ASSETS					
Prepayments		1,018,262	928,076	1,018,262	930,856
Trade and other receivables	7	1,759,956	2,487,699	1,770,420	2,600,439
Operating grant receivable from Government		-	14,609,568	-	14,609,568
Capital and other grant receivable from Government		-	4,855,693	-	4,855,693
Cash and cash equivalents	8	87,508,657	68,253,826	87,855,315	68,617,406
		90,286,875	91,134,862	90,643,997	91,613,962
CURRENT LIABILITIES					
Trade and other payables	9	21,120,624	20,782,402	21,150,315	20,816,182
Amount due to Government	9	94,376	13,888	94,376	13,888
Rental, security and other deposits	9	2,666,657	2,646,291	2,666,657	2,646,291
Capital and other grants received in advance	10	324,744	(132,526)	324,744	(132,526)
Deferred income		2,806,409	2,765,053	2,806,409	2,765,053
Provision for pension benefits	11	1,809,468	1,913,566	1,809,468	1,913,566
Provision for contribution to consolidated fund		566,892	949,415	566,892	949,415
		29,389,170	28,938,089	29,418,861	28,971,869
NET CURRENT ASSETS		60,897,705	62,196,773	61,225,136	62,642,093
NON-CURRENT LIABILITIES					
Provision for pension benefits	11	5,663,614	5,447,993	5,663,614	5,447,993
Deferred capital grants	12	97,407,412	108,019,224	97,407,412	108,019,224
Provision for reinstatement costs		287,458	287,458	287,458	287,458
		103,358,484	113,754,675	103,358,484	113,754,675
		64,918,439	59,368,607	65,245,868	59,813,925
Net assets of MFRD Fund	13	121,484	129,047	121,484	129,047

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Notes	The Authority FY16/17 $	The Authority FY15/16 $	The Group FY16/17 $	The Group FY15/16 $
INCOME					
Certificate and permit fees		20,160,365	19,557,595	20,160,365	19,557,595
Fishery port receipts		409,970	524,219	409,970	524,219
Laboratory fees		1,751,511	1,697,466	1,751,511	1,697,466
Licence fees		4,202,143	4,066,514	4,202,143	4,066,514
Inspection fees		1,815,522	1,947,351	1,788,598	1,942,551
Rental and conservancy charges		6,823,392	6,673,126	6,823,392	6,673,126
Interest income		933,306	824,728	939,183	827,656
Other income		929,242	1,147,986	978,627	1,301,916
		37,025,451	36,438,985	37,053,789	36,591,043
EXPENDITURE					
Staff costs	14	86,364,567	82,618,845	86,362,367	82,617,965
General and administrative expenses	15	76,411,689	75,848,084	76,560,320	76,012,003
Depreciation of property, plant and equipment	5	12,705,057	13,083,804	12,705,057	13,083,804
Gain on disposal of property, plant and equipment		(38,574)	(40,171)	(38,574)	(40,171)
		175,442,739	171,510,562	175,589,170	171,673,601
DEFICIT BEFORE GRANTS		(138,417,288)	(135,071,577)	(138,535,381)	(135,082,558)
GRANTS					
Operating grants	16	128,518,926	127,111,930	128,518,926	127,111,930
Transfer from capital and other grants received in advance	10	712,532	153,600	712,532	153,600
Transfer from deferred capital grants	12	12,520,488	13,390,841	12,520,488	13,390,841
		141,751,946	140,656,371	141,751,946	140,656,371
SURPLUS BEFORE CONTRIBUTION TO CONSOLIDATED FUND AND TAXATION		3,334,658	5,584,794	3,216,565	5,573,813
Contribution to Consolidated Fund	18	(566,892)	(949,414)	(566,892)	(949,414)
Income tax credit/ (expense)	19	-	-	204	(46)
SURPLUS FOR THE YEAR		2,767,766	4,635,380	2,649,877	4,624,353
OTHER COMPREHENSIVE INCOME:					
Actuarial (loss)/gain on defined benefit plan	11	(5,545)	345,175	(5,545)	345,175
Other comprehensive income, net of tax		(5,545)	345,175	(5,545)	345,175
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,762,221	4,980,555	2,644,332	4,969,528

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Share Capital $	Accumulated surplus $	Total equity $
The Authority				
Balance at 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 and 1 April 2016		1,439,156	57,929,451	59,368,607
Equity injection for the year	4	7,370,611	-	7,370,611
Surplus for the year		-	2,767,766	2,767,766
Other comprehensive income for the year, net of tax		-	(5,545)	(5,545)
Total comprehensive income for the year		-	2,762,221	2,762,221
Dividend	4	-	(4,583,000)	(4,583,000)
Balance at 31 March 2017		8,809,767	56,108,672	64,918,439

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Share Capital $	Accumulated surplus $	Total equity $
The Group				
Balance at 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 and 1 April 2016		1,439,156	58,374,769	59,813,925
Equity injection for the year	4	7,370,611	-	7,370,611
Surplus for the year		-	2,649,877	2,649,877
Other comprehensive income for the year, net of tax		-	(5,545)	(5,545)
Total comprehensive income for the year		-	2,644,332	2,644,332
Dividend	4	-	(4,583,000)	(4,583,000)
Balance at 31 March 2017		8,809,767	56,436,101	65,245,868

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	FY16/17 $	FY15/16 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit before grants	(138,535,381)	(135,082,558)
Adjustments for:		
Depreciation of property, plant and equipment	12,705,057	13,083,804
Gain on disposal of property, plant and equipment	(38,574)	(40,171)
Property, plant and equipment written-off	17,000	539,534
Interest income	(939,183)	(827,656)
Provision for pension benefits	286,679	235,145
Operating deficit before working capital changes	(126,504,402)	(122,091,902)
Changes in working capital excluding cash and cash equivalents:		
Prepayments	(87,406)	14,764
Trade and other receivables	813,896	(721,843)
Trade and other payables	(464,830)	1,539,840
Amount due to Government	80,488	(94,798)
Rental, security and other deposits	20,366	206,264
Deferred income	41,356	355,813
Provision for pension benefits	(180,701)	(537,114)
	(126,281,233)	(121,328,976)
Payment of contribution to consolidated fund	(949,414)	(508,579)
Refund/(Payment) of income tax	204	(853)
Net cash used in operating activities	(127,230,443)	(121,838,408)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (Note A)	(8,394,907)	(8,554,287)
Proceeds from disposal of property, plant and equipment	57,678	44,557
Interest income received	955,306	602,917
Net cash used in investing activities	(7,381,923)	(7,906,813)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(4,583,000)	-
Injection of equity (Note 4)	7,370,611	1,438,156
Government grants received	151,062,664	132,939,949
Cash generated from financing activities	153,850,275	134,378,105
Net increase in cash and cash equivalents	19,237,909	4,632,884
Cash and cash equivalents at beginning of year	68,617,406	63,984,522
Cash and cash equivalents at end of year (Note 8)	87,855,315	68,617,406

Note A:
During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $9,193,870 (FY15/16: $7,710,133) of which $802,279 (FY15/16: $3,316) is yet to be paid as at the end of the financial year. Cash payments of $8,394,907 (FY15/16: $8,554,287) were made to purchase property, plant and equipment.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

1. General information

The Agri-Food and Veterinary Authority (the "Authority") is a statutory board established under the Agri-Food and Veterinary Authority Act (Chapter 5, 2012 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.

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 (Chapter 5, 2012 Revised Edition) or any other written law.

The principal activity of the subsidiary is disclosed in Note 6 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in accounting policies below, and are drawn up in accordance with the provisions of the Agri-Food and Veterinary Authority Act (Chapter 5, 2012 Revised Edition) and Statutory Board Financial Reporting Standards ("SB-FRS") including related Interpretations of SB-FRS ("INT SB-FRS").

The financial statements of the Group and the Authority are presented in Singapore dollar ("$").

The preparation of financial statements in compliance with SB-FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3.

In the current financial year, the Group adopted all the new and revised SB-FRSs and INT SB-FRS that are effective from that date and are relevant to its operations. The adoption of these new and revised SB-FRSs and INT SB-FRSs does not result in changes to the Authority's accounting policies and has no material effect on the amounts reported for the current or prior years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

SB-FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Group were issued but not yet effective, and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
SB-FRS 1001	: Accounting and Disclosure for Non-Exchange Revenue	1 January 2018
FRS 109	: Financial Instruments	1 January 2018
SB-FRS 115	: Revenue from Contracts with Customers	1 January 2018
SB-FRS 115 (Amendments)	: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
SB-FRS 116	: Leases	1 January 2019

Except as disclosed below, the Authority and the Group anticipate that the adoption of the above SB-FRSs in future periods will not have a material impact on the financial statements of the Authority and the Group.

SB-FRS 109 Financial Instruments

SB-FRS 109 supersedes SB-FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under SB-FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Authority is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

SB-FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from SB-FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, SB-FRS 109 retains the requirements in SB-FRS 39 for de-recognition of financial assets and financial liabilities.

In line with the SB-FRS requirements on the implementation date, the Group plans to adopt SB-FRS 109 in the financial year beginning on 1 April 2018 with retrospective effect in accordance with transitional provisions and will include additional disclosures in the financial statements for that year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

SB-FRS issued but not yet effective (Continued)

SB-FRS 109 Financial Instruments (Continued)

The Group's initial assessment is as described below.

Classification and measurement

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SB-FRS 109.

The Group has commenced its preliminary assessment of the classification and measurement of its financial assets and liabilities, and does not expect any significant changes to the classification and measurement of its financial assets and liabilities currently measured at amortised cost upon adoption of the standard.

Impairment

SB-FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in SB-FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost, the standard requires recognition of (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on trade and other receivables, due to earlier recognition of credit losses. The Group expects to adopt the simplified model for its trade debtors and will record an allowance for lifetime expected losses from initial recognition. For other receivables, the Group will initially provide for 12 months expected losses under the three-stage model. The Group is still in the process of determining how it will estimate expected credit losses and the sources of forward-looking data.

SB-FRS 115 Revenue from Contracts with Customers

SB-FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under SB-FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. SB-FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers

The Group has performed a preliminary assessment and does not identify any potential impact on the timing and pattern of revenue recognition under SB-FRS. The Group expects to continue to recognise it existing income streams per its income recognition accounting policies as described in Note 2.13.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

SB-FRS issued but not yet effective (Continued)

SB-FRS 115 Revenue from Contracts with Customers (Continued)

The Group plans to adopt the standard in the financial year beginning on 1 April 2018 with full or modified retrospective in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

SB-FRS 116 Leases

SB-FRS 116 supersedes SB-FRS 17 Leases and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. SB-FRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SB-FRS 116. SB-FRS 116 also requires enhanced disclosures by both lessees and lessors.

On initial adoption of SB-FRS 116, there may be a potentially significant impact on the accounting treatment for leases, which the Group as lessee currently accounts for as operating leases. On adoption of FRS 116, the Group will be required to capitalise its rented office premises and office equipment on the statement of financial position by recognising them as 'right-of-use' assets and their corresponding lease liabilities for the present value of future lease payments. The Group plans to adopt the standard in the financial year beginning on [1 April 2019 using the modified retrospective method in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

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

SB-FRS 1001 specifies the financial reporting requirement 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 claims 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 financials statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from non-exchange revenue. Some examples of non-exchange revenue are taxes, levies, fines, penalties and donations.

The Group has performed a preliminary assessment and does not identify any potential impact on the current accounting treatment for non-exchange revenue. The Group is still in the process of making a detailed assessment of the implementation of SB-FRS 1001 and plans to adopt the standards in the financial year beginning on 1 April 2018.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Summary of significant accounting policies (Continued)

2.2 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.

2.3 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.

2.4 Property, plant and equipment and depreciation

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

<u>Recognition and measurement</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment and depreciation (Continued)

Recognition and measurement (Continued)

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 property, 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Summary of significant accounting policies (Continued)

2.5 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.

2.6 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.

2.7 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

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

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

(a) *Financial assets (Continued)*

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.

(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 net of 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Summary of significant accounting policies (Continued)

2.8 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 Group 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.

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 Group 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.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Summary of significant accounting policies (Continued)

2.10 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.

2.11 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.

2.12 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.

2.13 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Summary of significant accounting policies (Continued)

2.14 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.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Summary of significant accounting policies (Continued)

2.15 Employee benefits (Continued)

(iv) Defined benefit plans (Continued)

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.

2.16 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.

2.17 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Summary of significant accounting policies (Continued)

2.18 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.

(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.

3. Critical accounting judgements and key sources of estimation uncertainty

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 2017 is $107,379,216 (FY15/16: $110,926,507). 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 2017 is $7,473,082 (FY15/16: $7,361,559).

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 disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. Capital account

Share capital

	The Authority and the Group			
	FY16/17		FY15/16	
	No. of shares	$	No. of shares	$
At beginning of the financial year	1,439,156	1,439,156	1,000	1,000
Equity injection for the year	7,370,611	7,370,611	1,438,156	1,438,156
At end of the financial year	8,809,767	8,809,767	1,439,156	1,439,156

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 financial year, $7,370,611 (FY15/16: $1,438,156) 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 2.11.

Dividend

In accordance with the Capital Management Framework for Statutory Board, the Authority declared and paid a dividend of $4,583,000 for the financial year ended 31 March 2017 (FY15/16: $Nil).

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 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 and 1 April 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
Additions	-	25,815	67,820	-	775,477	-	8,324,758	9,193,870
Disposals/written off	(17,638)	(150,719)	(26,905)	(96,640)	(599,454)	(691,629)	(17,000)	(1,599,985)
Transfers	8,650,742	-	-	-	485,658	-	(9,136,400)	-
At 31 March 2017	195,656,215	3,524,896	19,478,990	8,435,162	44,902,152	13,051,681	3,257,575	288,306,671
Accumulated depreciation								
At 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	1,533,110	2,881,990	1,261,407	-	13,083,804
Disposals/written off	-	(292,653)	(89,493)	(321,755)	(762,103)	(108,501)	-	(1,574,505)
Transfers	-	-	-	(943,510)	-	943,510	-	-
At 31 March 2016 and 1 April 2016	102,991,123	2,350,260	17,793,458	5,390,226	33,336,924	7,924,288	-	169,786,279
Depreciation for the year	6,817,788	340,530	264,001	776,059	2,778,620	1,728,059	-	12,705,057
Disposals/written off	(8,746)	(150,719)	(26,634)	(87,298)	(598,855)	(691,629)	-	(1,563,881)
At 31 March 2017	109,800,165	2,540,071	18,030,825	6,078,987	35,516,689	8,960,718	-	180,927,455
Net book value								
At 31 March 2017	85,856,050	984,825	1,448,165	2,356,175	9,385,463	4,090,963	3,257,575	107,379,216
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

During the year, assets classified as development work-in-progress amounting to $nil (FY15/16:$3,850,243) was transferred to the Ministry of National Development.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

6. Subsidiary

	The Authority	
	FY16/17	FY15/16
	$	$
Unquoted equity shares, at cost	2	2

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

Name of company	Principal activity	Equity interest	
		FY16/17	FY15/16
		%	%
Agrifood Technologies Pte Ltd	Consultancy services	100	100

The financial statements of the subsidiary are audited by S. S. Ang & Co.

7. Trade and other receivables

	The Authority		The Group	
	FY16/17	FY15/16	FY16/17	FY15/16
	$	$	$	$
Trade receivables	1,294,528	1,760,244	1,385,208	1,872,984
Less: Allowance for impairment (Note 23)	(75,331)	(44,823)	(156,331)	(44,823)
Net trade receivables	1,219,197	1,715,421	1,228,877	1,828,161
Other receivables	540,759	772,278	541,543	772,278
Total trade and other receivables	1,759,956	2,487,699	1,770,420	2,600,439
Add: Cash and cash equivalents (Note 8)	87,508,657	68,253,826	87,855,315	68,617,406
Total loans and receivables	89,268,613	70,741,525	89,625,735	71,217,845

Trade receivables are non-interest bearing and are generally on 30 days (FY15/16: 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	
	FY16/17	FY15/16	FY16/17	FY15/16
	$	$	$	$
Cash and bank balances	87,508,657	68,253,826	87,543,909	68,311,093
Fixed deposits with financial institutions	-	–	311,406	306,313
	87,508,657	68,253,826	87,855,315	68,617,406

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

8. Cash and cash equivalents (Continued)

Cash and bank balances include $87,079,451 (FY15/16: $68,355,538) 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 2017 was 1.37% (FY15/16: 1.21%) per annum.

9. Trade and other payables

	The Authority		The Group	
	FY16/17	FY15/16	FY16/17	FY15/16
	$	$	$	$
Trade payables	4,236,216	8,787,993	4,265,907	8,821,773
Amount payable with respect to capital expenditure	802,279	3,316	802,279	3,316
Accrued operating expenses	16,082,129	11,991,093	16,082,129	11,991,093
Total trade and other payables	21,120,624	20,782,402	21,150,315	20,816,182
Add:				
Amount due to Government	94,376	13,888	94,376	13,888
Rental, security and other deposits	2,666,657	2,646,291	2,666,657	2,646,291
Total financial liabilities	23,881,657	23,442,581	23,911,348	23,476,361

Trade payables are non-interest bearing and normally settled on 30-day terms (FY15/16: 30-day terms).

10. Capital and other grants received in advance

	The Authority and the Group	
	FY16/17	FY15/16
	$	$
Balance at the beginning of the financial year	(132,526)	1,160,001
Received/receivable during the financial year	1,199,660	1,035,328
Transfer to Deferred capital grants (Note 12)	(27,891)	(2,174,255)
Transfer to statement of comprehensive income	(712,532)	(153,600)
Return of grant	(1,967)	-
Balance at the end of the financial year	324,744	(132,526)

During the year, the Authority received and paid $3,869,443 (FY15/16: $11,771,026) to government agencies and private companies in relation to several development projects.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

11. Pension benefits

The Authority operates a defined benefit scheme for certain employees under the provisions of the Pension Act (Chapter. 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 tables summarise the components of benefit expense recognised in the income statement and the amounts recognised in the statements of financial position for the plan:

	The Authority and the Group	
	FY16/17	FY15/16
	$	$
Current service cost	184,594	119,261
Interest cost on benefit obligation	102,085	115,884
	286,679	235,145

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

	The Authority and the Group	
	FY16/17	FY15/16
	$	$
Balance at the beginning of the financial year	7,361,559	8,008,703
Interest cost (Note 14)	102,085	115,884
Current service cost (Note 14)	184,594	119,261
Actuarial loss/(gain) on valuation	5,545	(345,175)
Payments during the financial year	(180,701)	(537,114)
Balance at the end of the financial year	7,473,082	7,361,559

The provision for pension benefits is payable as follows:

	The Authority and the Group	
	FY16/17	FY15/16
	$	$
Within one year	1,809,468	1,913,566
After one year	5,663,614	5,447,993
	7,473,082	7,361,559

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

11. Pension benefits (Continued)

The actuarial valuation of the present value of the defined benefit obligation was carried out as at 31 March 2017 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:

	FY16/17	FY15/16
Discount rate	Active employees – 1.02% per annum	Active employees - 0.81% per annum
	Retirees – 2.28% per annum	Retirees - 1.92% per annum
Salary inflation	2.00% per annum	2.00% per annum
Mortality rate	S0408 Singapore mortality table	S0408 Singapore mortality table
Retirement age	60 years old	60 years old

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%	(22,053)	22,756
- Retirees	0.25%	(109,533)	114,466
Future salary increases			
- Active employees	0.25%	14,974	(14,916)
- Retirees	0.25%	-	-
Mortality rates			
- Active employees	10%	(8,342)	9,072
- Retirees	10%	(111,769)	121,433

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

The Authority expects to contribute $271,835 (FY15/16: $286,679) to the defined benefit pension plans for the upcoming financial year ending 31 March 2018.

The average duration of the defined benefit obligation at the end of the reporting period is 4 years (FY15/16: 5 years).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

12. Deferred capital grants

	The Authority and the Group	
	FY16/17	FY15/16
	$	$
Government grants		
Balance at beginning of the financial year	108,019,224	118,996,228
Transfer from capital grants (Note 10)	27,891	2,174,255
Transfer from operating grants (Note 16)	1,880,785	4,089,825
Asset transfer to MND (Note 5)	-	(3,850,243)
	109,927,900	121,410,065
Grants taken to statement of comprehensive income		
- to match depreciation	(12,484,384)	(12,878,444)
- to match disposals	(19,104)	(4,387)
- to match capital items expensed-off	(17,000)	(508,010)
	(12,520,488)	(13,390,841)
Balance at the end of the financial year	97,407,412	108,019,224

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			
	FY16/17		FY15/16	
	S$	US$	S$	US$
ACCUMULATED SURPLUS	121,484	87,079	129,047	95,428
Represented by:				
CURRENT ASSETS				
Cash and bank balances	11,091	7,950	19,015	14,061
Fixed deposits	110,393	79,129	110,032	81,367
	121,484	87,079	129,047	95,428
Net current assets, representing net assets	121,484	87,079	129,047	95,428

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

13. MFRD fund (Continued)

The income and expenditure of the fund for the years ended 31 March 2017 and 2016 are as follows:

	The Authority and the Group			
	FY16/17		FY15/16	
	S$	US$	S$	US$
INCOME				
Interest from fixed deposits	361	259	743	550
Less:				
EXPENDITURE				
General and administrative expenses	7,924	5,680	85,248	63,038
	(7,563)	(5,421)	(84,505)	(62,488)

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$1.3951 (31 March 2016: US$1 = S$1.3523).

14. Staff costs

	The Authority		The Group	
	FY16/17	FY15/16	FY16/17	FY15/16
	$	$	$	$
Salaries, allowances and bonus	71,498,050	68,777,709	71,498,050	68,777,709
Central Provident Fund contributions	8,727,853	7,901,507	8,727,853	7,901,507
Pension benefits (Note 11)	286,679	235,145	286,679	235,145
Other staff costs	5,851,985	5,704,484	5,849,785	5,703,604
	86,364,567	82,618,845	86,362,367	82,617,965

	The Authority and the Group	
	FY16/17	FY15/16
	$	$
Staff costs include key management remuneration as follows:		
Short term employee benefits	5,799,743	4,633,431
Post-employment benefits	213,398	135,978
	6,013,141	4,769,409

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

15. General and administrative expenses

	The Authority		The Group	
	FY16/17	FY15/16	FY16/17	FY15/16
	$	$	$	$
Transport and travel	803,342	749,495	823,534	771,078
Office supplies	683,460	832,855	683,942	833,191
Laboratory supplies	3,470,065	3,247,488	3,470,065	3,247,488
Utilities	2,056,941	2,189,527	2,056,941	2,189,527
Rental - operating leases	7,424,928	7,429,842	7,427,832	7,431,872
Rental - others	9,821	14,313	9,821	14,313
Maintenance of office premises	6,831,636	7,449,404	6,831,636	7,449,404
Maintenance of information systems	10,562,704	9,453,716	10,562,704	9,453,716
Maintenance of office and laboratory equipment	2,144,879	2,124,239	2,144,879	2,124,239
Auditors' remuneration	59,500	79,000	62,200	81,200
Laboratory fees	6,545,215	6,551,982	6,545,215	6,551,982
Public education	1,232,628	1,294,447	1,232,628	1,294,447
Professional fees	613,610	619,576	631,314	735,578
Estate management fee	3,757,087	3,674,466	3,757,087	3,674,466
Board honorarium	123,750	132,341	139,666	149,221
Goods and services tax	3,702,443	3,870,005	3,702,443	3,870,005
Security services	2,008,865	1,774,349	2,008,865	1,774,349
HPAI expenditure	423,821	441,330	423,821	441,330
Property tax	1,406,382	1,451,500	1,406,382	1,451,500
Food fund	6,023,239	5,377,055	6,023,239	5,377,055
Payment to international organisations	2,809,091	2,807,293	2,809,091	2,807,293
Property, plant and equipment written off	17,000	539,534	17,000	539,534
Other operating expenses	13,701,282	13,744,327	13,790,015	13,749,215
	76,411,689	75,848,084	76,560,320	76,012,003

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

16. Operating grants

	The Authority and the Group	
	FY16/17	FY15/16
	$	$
Received/receivable during the financial year	130,399,711	131,201,755
Transfer to deferred capital grants (Note 12)	(1,880,785)	(4,089,825)
Transfer to statement of comprehensive income	128,518,926	127,111,930

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	
	FY16/17	FY15/16
	$	$
Capital and other grants	301,073,480	299,873,820
Operating grants	1,300,178,610	1,169,778,899
	1,601,252,090	1,469,652,719

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% (FY15/16: 17%) of the surplus for the year.

	The Authority and the Group	
	FY16/17	FY15/16
	$	$
Current year provision	566,892	949,415
Over provision from prior year	-	(1)
	566,892	949,414

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

19. Income tax expense

The major components of income tax expense for the years ended 31 March 2017 and 2016 are:

	The Group	
	FY16/17	FY15/16
	$	$
Current income tax expense	-	-
(Over)/ under provision in respect of prior years	(204)	46
	(204)	46

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2017 and 2016 are as follows:

	The Group	
	FY16/17	FY15/16
	$	$
Surplus before contribution to Consolidated Fund and taxation	3,216,565	5,573,813
Less: The Authority's surplus before contribution to Consolidated Fund and income tax expense	3,334,658	5,584,794
The subsidiary's deficit before income tax expense	(118,093)	(10,981)
Income tax at statutory rate of 17% (FY15/16: 17%)	(20,076)	(1,867)
Non-deductible expenses	-	112
Deferred tax assets not recognised	20,076	1,755
(Over)/Under provision of income tax expense in respect of prior years	(204)	46
	(204)	46

As at 31 March 2017, the Group has unabsorbed losses of approximately $128,000 (2016: $10,000) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

20. Capital commitment

Capital expenditure contracted during the financial year but not provided for in the financial statements amounted to $2,052,485 (FY15/16: $11,347,607) 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	
	FY16/17	FY15/16
	$	$
Not later than one financial year	7,229,494	7,158,187
Later than one financial year but not later than five financial years	8,998,039	15,939,251
	16,227,533	23,097,438

The leases for office premises which were contracted with rent payable will expire from 31 May 2017 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	
	FY16/17	FY15/16
	$	$
Not later than one financial year	4,279,171	4,797,106
Later than one financial year but not later than five financial years	2,086,247	3,691,179
	6,365,418	8,488,285

The leases on the premises of the Authority's Fishery Ports which were contracted with rent receivable will expire from 30 April 2017 to 21 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

	The Group and Authority	
	FY16/17	**FY15/16**
Ministries and Statutory Boards	**$**	**$**
Ministry of National Development		
- Rental expenses	5,239,718	5,237,879
Health Sciences Authority		
- Laboratory fees	6,500,000	6,500,000
Singapore Land Authority		
- Rental expenses	1,993,090	2,004,836

	The Authority	
	FY16/17	**FY15/16**
Subsidiary	**$**	**$**
Agrifood Technologies Pte Ltd		
- Professional fees	24,739	3,934

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.

(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**	
	FY16/17	**FY15/16**	**FY16/17**	**FY15/16**
	$	**$**	**$**	**$**
Trade receivables	1,294,528	1,760,244	1,385,208	1,872,984
Other receivables	540,759	772,278	541,543	772,278
Total	1,835,287	2,532,522	1,926,751	2,645,262

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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	
	FY16/17	**FY15/16**	**FY16/17**	**FY15/16**
	$	**$**	**$**	**$**
≤ 90 days	110,819	160,391	110,819	241,391
> 90 days	88,165	53,441	169,165	75,942

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	
	FY16/17	**FY15/16**
	$	**$**
Balance at beginning of the financial year	44,823	42,182
Amount charged for the year	69,037	39,198
Amount written off	(3,684)	(3,408)
Amount written back	(34,845)	(33,149)
Balance at end of the financial year (Note 7)	75,331	44,823

	The Group	
	FY16/17	**FY15/16**
	$	**$**
Balance at beginning of the financial year	44,823	42,182
Amount charged for the year	150,037	39,198
Amount written off	(3,684)	(3,408)
Amount written back	(34,845)	(33,149)
Balance at end of the financial year (Note 7)	156,331	44,823

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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	
	FY16/17	**FY15/16**
	$	**$**
The Authority		
Financial assets		
Trade and other receivables	1,759,956	2,487,699
Cash and cash equivalents	87,508,657	68,253,826
	89,268,613	70,741,525
Financial liabilities		
Trade and other payables	21,120,624	20,782,402
Amount due to Government	94,376	13,888
Rental, security and other deposits	2,666,657	2,646,291
	23,881,657	23,442,581

	≤ 1 year	
	FY16/17	**FY15/16**
	$	**$**
The Group		
Financial assets		
Trade and other receivables	1,770,420	2,600,439
Cash and cash equivalents	87,855,315	68,617,406
	89,625,735	71,217,845
Financial liabilities		
Trade and other payables	21,150,315	20,816,182
Amount due to Government	94,376	13,888
Rental, security and other deposits	2,666,657	2,646,291
	23,911,348	23,476,361

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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 2017 were authorised for issue by the Board Members of the Authority on 19 May 2017.