Financial Statements

FINANCIAL YEAR ENDED 31 MARCH 2019

Contents

AGRI-FOOD AND VETERINARY AUTHORITY
AND ITS SUBSIDIARY

STATEMENT BY THE BOARD
FOR THE YEAR ENDED 31 MARCH 2019

The Agri-Food and Veterinary Authority (the “Authority”) was restructured to form the Singapore Food Agency and the Animal & Veterinary Service under National Parks Board with effect from 1 April 2019. Following the formation of Singapore Food Agency and the Animal & Veterinary Service under National Parks Board, pursuant to Part 8 of the Singapore Food Agency Act 2019 and Part 7 of the National Parks Board Act 2019, all business and undertakings and all rights and obligations of the Authority will be transferred to, and will continue to exist under Singapore Food Agency and Animal & Veterinary Service. As a result, the Authority continue to prepare the accompanying consolidated financial statements on a going concern basis. On 1 April 2019, the Authority ceased to exist as a statutory board.

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 6 to 43 are drawn up in accordance with the provisions of the Public Sector (Governance) Act 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 2019, 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 purchased, 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 2019 have been in accordance with the provisions of the Public Sector (Governance) Act, the Agri-Food and Veterinary Authority Act (Chapter 5, 2012 Revised Edition) (the “Act”) and the requirements of any other written law applicable to moneys of or managed by the Authority.

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 of Agri-Food and Veterinary Authority

Lim Kok Thai
Chief Executive Officer of Agri-Food and Veterinary Authority

6 June 2019

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 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of comprehensive income and 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 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 Public Sector (Governance) Act 2018, Act 5 of 2018 (the Public Sector (Governance) 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 2019 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 Group 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.

Emphasis of Matter

We draw attention to Note 1 of the financial statements which states that the Authority's functions would be distributed between Singapore Food Agency ("SFA") and the Animal & Veterinary Service ("AVS") under National Parks Board with effect from 1 April 2019. Following the restructuring of the Authority, all business undertakings and all rights and obligations of the Authority will be transferred to, and will continue to exist under SFA and AVS. On 1 April 2019, the Authority ceased to exist as a statutory board. Our opinion is not modified in respect of this matter.

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.

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)

Other Information (Continued)

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 the financial statements in accordance with the provisions of the Public Sector (Governance) 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.

A statutory board is constituted based on its constitutional 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 applicable, 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.

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)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

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 Public Sector (Governance) Act, the Agri-Food and Veterinary Authority Act Chapter 5, 2012 Revised Edition (the "Act") and the requirements of any other written law applicable to moneys of or managed by the Authority.

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

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

Report on Other Legal and Regulatory Requirements (Continued)

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 Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Authority. This responsibility includes monitoring related compliance requirements relevant to the Authority, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

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 Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Authority.

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
Public Accountants and
Chartered Accountants

Singapore
6 June 2019

AGRI-FOOD AND VETERINARY AUTHORITY
AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	The Authority		The Group	
		FY18/19	FY17/18	FY18/19	FY17/18
		$	$	$	$
CAPITAL AND RESERVES					
Share capital	4	11,341,036	11,494,799	11,341,036	11,494,799
Accumulated surplus		70,252,349	51,530,009	70,555,462	51,903,669
		81,593,385	63,024,808	81,896,498	63,398,468
Represented by:					
NON-CURRENT ASSETS					
Property, plant and equipment	5	86,657,778	97,425,963	86,657,778	97,425,963
Subsidiary	6	2	2	-	-
		86,657,780	97,425,965	86,657,778	97,425,963
CURRENT ASSETS					
Prepayments		965,681	1,503,388	965,681	1,503,388
Trade and other receivables	7	3,915,060	2,201,098	3,915,060	2,262,553
Operating grant receivable from Government		-	56,738	-	56,738
Capital grant receivable from Government		-	3,402,381	-	3,402,381
Cash and cash equivalents	8	122,115,402	98,996,870	122,442,485	99,337,511
		126,996,143	106,160,475	127,323,226	106,562,571
CURRENT LIABILITIES					
Trade and other payables	9	36,272,711	35,144,745	36,296,679	35,173,179
Amount due to Government	9	100,172	134,892	100,172	134,892
Rental, security and other deposits	9	7,201,799	6,961,572	7,201,799	6,961,572
Capital and other grants received in advance	10	330,092	588,460	330,092	588,460
Deferred income		-	2,927,482	-	2,927,482
Provision for pension benefits	11	2,163,123	2,139,530	2,163,123	2,139,530
Provision for contribution to consolidated fund		3,505,996	-	3,505,996	-
		49,573,893	47,896,681	49,597,861	47,925,115
NET CURRENT ASSETS		77,422,250	58,263,794	77,725,365	58,637,456
NON-CURRENT LIABILITIES					
Provision for pension benefits	11	4,735,820	5,264,123	4,735,820	5,264,123
Deferred capital grants	12	77,463,367	87,113,370	77,463,367	87,113,370
Provision for reinstatement costs		287,458	287,458	287,458	287,458
		82,486,645	92,664,951	82,486,645	92,664,951
		81,593,385	63,024,808	81,896,498	63,398,468
Net assets of MFRD Fund	13	39,496	67,144	39,496	67,144

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

AGRI-FOOD AND VETERINARY AUTHORITY AND ITS SUBSIDIARY

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Notes	The Authority FY18/19 $	The Authority FY17/18 $	The Group FY18/19 $	The Group FY17/18 $
INCOME					
Certificate and permit fees		21,202,823	19,284,705	21,202,823	19,284,705
Fishery port receipts		349,354	369,507	349,354	369,507
Laboratory fees		1,689,384	1,681,025	1,689,384	1,681,025
Licence fees		4,711,611	4,225,606	4,711,611	4,225,606
Inspection fees		1,787,170	1,750,807	1,770,250	1,733,007
Rental and conservancy charges	14	35,529,962	13,404,982	35,529,962	13,404,982
Interest income		1,513,260	970,420	1,514,022	971,975
Other income		1,443,479	989,447	1,505,055	1,171,919
Vehicle entry fees		3,011,108	752,777	3,011,108	752,777
		71,238,151	43,429,276	71,283,569	43,595,503
EXPENDITURE					
Staff costs	15	92,163,657	98,556,181	92,163,657	98,555,741
General and administrative expenses	16	92,970,691	76,630,080	93,086,656	76,750,516
Depreciation of property, plant and equipment	5	12,772,593	13,007,885	12,772,593	13,007,885
Gain on disposal of property, plant and equipment		(5,939)	(4,169)	(5,939)	(4,169)
		197,901,002	188,189,977	198,016,967	188,309,973
DEFICIT BEFORE GRANTS		(126,662,851)	(144,760,701)	(126,733,398)	(144,714,470)
GRANTS					
Operating grants	17	134,317,909	130,330,336	134,317,909	130,330,336
Transfer from capital and other grants received in advance	10	884,307	256,896	884,307	256,896
Transfer from deferred capital grants	12	12,084,143	12,361,806	12,084,143	12,361,806
		147,286,359	142,949,038	147,286,359	142,949,038
SURPLUS/(DEFICIT) BEFORE CONTRIBUTION TO CONSOLIDATED FUND AND TAXATION		20,623,508	(1,811,663)	20,552,961	(1,765,432)
Contribution to Consolidated Fund	19	(3,505,996)	-	(3,505,996)	-
Income tax	20	-	-	-	-
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR		17,117,512	(1,811,663)	17,046,965	(1,765,432)
OTHER COMPREHENSIVE INCOME:					
Actuarial loss on defined benefit plan	11	(1,043,828)	-	(1,043,828)	-
Other comprehensive income, net of tax		(1,043,828)	-	(1,043,828)	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		16,073,684	(1,811,663)	16,003,137	(1,765,432)

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

AGRI-FOOD AND VETERINARY AUTHORITY AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Share capital $	Accumulated surplus $	Total equity $
The Authority				
Balance at 1 April 2017		8,809,767	56,108,672	64,918,439
Equity injection for the financial year	4	2,685,032	-	2,685,032
Deficit for the financial year		-	(1,811,663)	(1,811,663)
Other comprehensive income for the financial year, net of tax		-	-	-
Total comprehensive income for the financial year		-	(1,811,663)	(1,811,663)
Dividend	4	-	(2,767,000)	(2,767,000)
Balance at 31 March 2018		11,494,799	51,530,009	63,024,808
Effect of adopting SB-FRS 115	27	-	2,648,656	2,648,656
Balance at 1 April 2018		11,494,799	54,178,665	65,673,464
Equity injection for the financial year	4	54,172	-	54,172
Equity returned for the financial year	4	(207,935)	-	(207,935)
Surplus for the financial year		-	17,117,512	17,117,512
Other comprehensive income for the financial year, net of tax	11	-	(1,043,828)	(1,043,828)
Total comprehensive income for the financial year		-	16,073,684	16,073,684
Balance at 31 March 2019		11,341,036	70,252,349	81,593,385

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

AGRI-FOOD AND VETERINARY AUTHORITY AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Share Capital $	Accumulated surplus $	Total equity $
The Group				
Balance at 1 April 2017		8,809,767	56,436,101	65,245,868
Equity injection for the financial year	4	2,685,032	-	2,685,032
Deficit for the financial year		-	(1,765,432)	(1,765,432)
Other comprehensive income for the financial year, net of tax		-	-	-
Total comprehensive income for the financial year		-	(1,765,432)	(1,765,432)
Dividend	4	-	(2,767,000)	(2,767,000)
Balance at 31 March 2018		11,494,799	51,903,669	63,398,468
Effect of adopting SB-FRS 115	27	-	2,648,656	2,648,656
Balance at 1 April 2018		11,494,799	54,552,325	66,047,124
Equity injection for the financial year	4	54,172	-	54,172
Return of equity for the financial year	4	(207,935)	-	(207,935)
Surplus for the financial year		-	17,046,965	17,046,965
Other comprehensive income for the financial year, net of tax	11	-	(1,043,828)	(1,043,828)
Total comprehensive income for the financial year		-	16,003,137	16,003,137
Balance at 31 March 2019		11,341,036	70,555,462	81,896,498

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

AGRI-FOOD AND VETERINARY AUTHORITY
AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	FY18/19 $	FY17/18 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit before grants	(126,733,398)	(144,714,470)
Adjustments for:		
Depreciation of property, plant and equipment	12,772,593	13,007,885
Gain on disposal of property, plant and equipment	(5,939)	(4,169)
Property, plant and equipment written-off	378,844	50,732
Interest income	(1,514,022)	(971,975)
Provision for pension benefits	157,040	271,835
Operating deficit before working capital changes	(114,944,882)	(132,360,162)
Changes in working capital excluding cash and cash equivalents:		
Prepayments	537,707	(485,126)
Trade and other receivables	(1,138,169)	(603,517)
Trade and other payables	1,123,500	11,036,709
Amount due to Government	(34,720)	(375,710)
Rental, security and other deposits	240,227	4,294,915
Deferred income	(278,826)	121,073
Provision for pension benefits	(1,705,578)	(341,264)
	(116,200,741)	(118,713,082)
Payment of contribution to consolidated fund	-	(566,892)
Net cash used in operating activities	(116,200,741)	(119,279,974)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,417,293)	(3,108,421)
Proceeds from disposal of property, plant and equipment	39,980	7,226
Interest income received	999,684	1,083,359
Net cash used in investing activities	(1,377,629)	(2,017,836)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(2,767,000)
Return of equity (Note 4)	(207,935)	-
Injection of equity (Note 4)	54,172	2,685,032
Government grants received	140,837,107	132,861,974
Cash generated from financing activities	140,683,344	132,780,006
Net increase in cash and cash equivalents	23,104,974	11,482,196
Cash and cash equivalents at beginning of year	99,337,511	87,855,315
Cash and cash equivalents at end of year (Note 8)	122,442,485	99,337,511

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 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.

The Authority's functions would be distributed between Singapore Food Agency and the Animal & Veterinary Service under National Parks Board with effect from 1 April 2019. Following the formation of Singapore Food Agency and the Animal & Veterinary Service under National Parks Board, pursuant to Part 8 of the Singapore Food Agency Act 2019 and Part 7 of the National Parks Board Act 2019, all business and undertakings and all rights and obligations of the Authority will be transferred to, and will continue to exist under Singapore Food Agency and Animal & Veterinary Service. On 1 April 2019, the Authority ceased to exist as a statutory board.

Following the restructuring of the Authority, all business undertakings and all rights and obligations of the Authority will be transferred to, and will continue to exist under Singapore Food Agency and Animal & Veterinary Service. As a result, the Authority continues to prepare the accompanying consolidated financial statements on a going concern basis. Accordingly, assets and liabilities are recognised, measured, and presented on the basis that the Authority will be able to realise its assets and discharge its liabilities in the normal course of business under Singapore Food Agency and Animal & Veterinary Service. Disclosures about commitments, financial instruments and any other off-balance sheet transactions are made on the basis that the Authority will undertake these transactions in the normal course of business under Singapore Food Agency and Animal & Veterinary Service.

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 Public Sector (Governance) Act 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 substantial changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior financial years, other than the changes in accounting policies due to adoption of SB-FRS 109 Financial Instruments and SB-FRS 115 Revenue from Contracts with Customers ("SB-FRS 115") as disclosed in Note 2.12.

The financial effects of adoption of SB-FRS 109 and SB-FRS 115 are disclosed in Note 27.

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

As at 1 April 2019, the Authority will cease to exist as a statutory board and its businesses, undertakings and all rights and obligations will be transferred to two entities as disclosed in Note 1 to the financial statements.

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.

2. Summary of significant accounting policies (Continued)

2.3 Basis of consolidation (Continued)

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.

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 accumulated surplus, 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.

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 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.

2. Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment and depreciation (Continued)

Depreciation

Depreciation is computed utilising the straight-line method to allocate depreciable amounts of the assets over their estimated useful lives or lease terms 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.

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.

2. Summary of significant accounting policies (Continued)

2.6 Impairment of non-financial assets (Continued)

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

The Group recognises a financial asset or a financial liability in its statements of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Accounting policy for financial assets on and after 1 April 2018

Financial assets

The Group classifies its financial assets as amortised cost in accordance with the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group's accounting policy for amortised cost is as follows:

Amortised cost

These assets arise principally from the provision of services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SB-FRS 109 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The expected credit loss rates are determined based on historical loss rates, adjusted for the current conditions and forecast of future economic conditions that may affect the ability of the customers to settle the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

AGRI-FOOD AND VETERINARY AUTHORITY
AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. **Summary of significant accounting policies** (Continued)

2.7 Financial instruments (Continued)

Accounting policy for financial assets on and after 1 April 2018 (Continued)

Financial assets (Continued)

Amortised cost (Continued)

Impairment provisions for non-trade amounts are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

At each reporting date, the Group assess on a forward looking basis whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

(i) Significant financial difficulty of the borrower or issuer;

(ii) A breach of contract such as a default or past due events;

(iii) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statements of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Accounting policy for financial assets prior to 1 April 2018

Financial assets are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

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.

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Accounting policy for financial assets prior to 1 April 2018 (Continued)

Financial assets (Continued)

Initial recognition and measurement (Continued)

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.

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 a loss allowance account. The impairment loss is recognised in the profit or loss account.

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Accounting policy for financial assets prior to 1 April 2018 (Continued)

Financial assets (Continued)

Financial assets carried at amortised cost (Continued)

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

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Authority are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost.

Trade and other payables

Trade and other payables (excluding goods and services tax, amount due to Government and rental, security and other deposits), are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.8 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.

2.9 Provisions

Provisions are recognised when the Group has 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 Group reviews the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

2.10 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.

2.11 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.

2.12 Income recognition

Income is recognised when a performance obligation is satisfied. Income is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both. Most of the Group's income is derived from fixed price contracts and therefore, the amount of income earned for each contract is determined by reference to those fixed prices. The following specific recognition criteria must also be met before income is recognised:

(a) Certificate and permit fees are recognised at a point in time when certificate or permits are issued.

(b) Licence fees are recognised at a point in time when licences are issued.

(c) Revenue from the rendering of services which comprises berthing fees, laboratory fees and inspection fees, is recognised at a point in time when the service is rendered.

(d) Rental and conservancy charges and vehicle entry fees are recognised over the period of the lease.

(e) Interest income is recognised using the effective interest method.

(f) Other income comprises mainly fines which are recognised at a point in time when the fines are imposed.

2. Summary of significant accounting policies (Continued)

2.13 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.

2.14 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 Group contributes 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.

2. Summary of significant accounting policies (Continued)

2.14 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 accumulated surplus within equity and are not reclassified to profit or loss in subsequent periods.

2.15 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.

2.16 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.

2. Summary of significant accounting policies (Continued)

2.17 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 statements of financial position.

Current taxes are recognised in the statements 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 statements 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 statements 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 statements 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 statements of financial position.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group'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 2019 is $86,657,778 (FY17/18: $97,425,963). 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 2019 is $6,898,943 (FY17/18: $7,403,653).

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.

(iii) Loss allowance for impairment of trade and other receivables

Trade receivables

The Group has elected to apply the simplified approach within SB-FRS 109, based on lifetime expected credit losses ("ECL"), in determining the provision for loss allowance on trade receivables at the end of each reporting period, using a provision matrix.

Management determines the expected loss arising from default for trade receivables, by categorising them based on its historical loss pattern, historical payment profile as well as credit risk profile of customer. As at 31 March 2019, the Group and the Authority's provision for loss allowance amounted to $105,177 and $51,177 respectively.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

(iii) Loss allowance for impairment of trade and other receivables (Continued)

Other receivables

Management determines whether there is significant increase in credit risk of these non-trade amounts since initial recognition. Management considers various areas like credit risk profile as well as historical payment trend. There is no significant increase in credit risk as at 31 March 2019.

4. Capital account

Share capital

	The Authority and the Group			
	FY18/19		FY17/18	
	No. of shares	$	No. of shares	$
At beginning of the financial year	11,494,799	11,494,799	8,809,767	8,809,767
Equity injection for the financial year	54,172	54,172	2,685,032	2,685,032
Equity returned for the financial year	(207,935)	(207,935)	-	-
At end of the financial year	11,341,036	11,341,036	11,494,799	11,494,799

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, $54,172 (FY17/18: $2,685,032) was injected into the Authority for project funding and $207,935 (FY17/18: $Nil) was returned to the Ministry of Finance due to over-projection of previous project funding. The recognition of equity injection is based on the accounting policy of the Authority as stated in Note 2.10.

Dividend

Subsequent to the financial year, the Authority declared a dividend of $5,788,000 for the financial year ended 31 March 2019 in accordance with the Capital Management Framework for Statutory Board. This dividend has not been recognised as a liability as at the end of the financial year as it is subject to approval by the Board.

In the previous financial year, a dividend of $2,767,000 was paid in respect of the financial year ended 31 March 2017.

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 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
Additions	299,600	498,799	24,916	37,916	526,003	13,400	1,707,787	3,108,421
Disposals/written off	-	(118,095)	(68,267)	(17,823)	(1,108,576)	(18,222)	(50,732)	(1,381,715)
Transfers	302,778	-	-	-	1,074,967	197,506	(1,575,251)	-
At 31 March 2018 and 1 April 2018	196,258,593	3,905,600	19,435,639	8,455,255	45,394,546	13,244,365	3,339,379	290,033,377
Additions	-	-	164,865	63,069	245,098	344,160	1,600,101	2,417,293
Disposals/written off	-	(952,096)	(852,908)	(869,431)	(849,512)	(420,879)	(87,650)	(4,032,476)
Transfers	(2,072,158)	-	1,726,171	352,217	742,078	80,358	(828,666)	-
At 31 March 2019	194,186,435	2,953,504	20,473,767	8,001,110	45,532,210	13,248,004	4,023,164	288,418,194
Accumulated depreciation								
At 1 April 2017	109,800,165	2,540,071	18,030,825	6,078,987	35,516,689	8,960,718	-	180,927,455
Depreciation for the year	7,195,214	345,820	270,117	782,639	2,752,915	1,661,180	-	13,007,885
Disposals/written off	-	(118,095)	(68,267)	(17,823)	(1,105,519)	(18,222)	-	(1,327,926)
At 31 March 2018 and 1 April 2018	116,995,379	2,767,796	18,232,675	6,843,803	37,164,085	10,603,676	-	192,607,414
Depreciation for the year	7,016,766	266,711	635,984	808,435	2,457,092	1,587,605	-	12,772,593
Disposals/written off	-	(934,386)	(840,302)	(577,637)	(846,387)	(420,879)	-	(3,619,591)
At 31 March 2019	124,012,145	2,100,121	18,028,357	7,074,601	38,774,790	11,770,402	-	201,760,416
Net book value								
At 31 March 2019	70,174,290	853,383	2,445,410	926,509	6,757,420	1,477,602	4,023,164	86,657,778
At 31 March 2018	79,263,214	1,137,804	1,202,964	1,611,452	8,230,461	2,640,689	3,339,379	97,425,963

AGRI-FOOD AND VETERINARY AUTHORITY
AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

6. Subsidiary

	The Authority	
	FY18/19	FY17/18
	$	$
Unquoted equity shares, at cost	2	2

The subsidiary, whose principal place of business and incorporation is in Singapore, is as follows:

Name of company	Principal activity	Equity interest	
		FY18/19	FY17/18
		%	%
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	
	FY18/19	FY17/18	FY18/19	FY17/18
	$	$	$	$
Trade receivables	1,641,608	1,779,815	1,695,608	1,840,579
Less: Loss allowance for impairment (Note 24)	(51,177)	(70,581)	(105,177)	(70,581)
Net trade receivables	1,590,431	1,709,234	1,590,431	1,769,998
Other receivables	2,324,629	491,864	2,324,629	492,555
Total trade and other receivables	3,915,060	2,201,098	3,915,060	2,262,553
Add: Cash and cash equivalents (Note 8)	122,115,402	98,996,870	122,442,485	99,337,511
Financial assets at amortised costs/Loans and receivables (FY17/18)	126,030,462	101,197,968	126,357,545	101,600,064

Trade receivables are non-interest bearing and are generally on 30 days (FY17/18: 30 days) terms.

At 31 March 2019, the lifetime expected loss provision for Group's trade receivables are as follows:

The Group	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$	$	$	$	$
Expected loss rate	0-5%	0-5%	0-5%	0-5%	
Gross carrying amount					
- Trade receivables	890,924	187,006	107,201	510,477	1,695,608
Impairment	29,520	5,345	3,064	67,248	105,177[#]

[#] This amount includes $54,000 which is related to credit-impaired balances from several customers who are not likely to repay the outstanding balances mainly due to economic circumstances or who have defaulted in payment terms.

AGRI-FOOD AND VETERINARY AUTHORITY
AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

7. Trade and other receivables (Continued)

The Authority	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$	$	$	$	$
Expected loss rate	0-5%	0-5%	0-5%	0-5%	
Gross carrying amount					
- Trade receivables	890,924	187,006	107,201	456,477	1,641,608
Impairment	29,520	5,345	3,064	13,248	51,177

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

8. Cash and cash equivalents

	The Authority		The Group	
	FY18/19	FY17/18	FY18/19	FY17/18
	$	$	$	$
Cash and bank balances	122,115,402	98,996,870	122,442,485	99,129,861
Fixed deposits with financial institutions	-	-	-	207,650
	122,115,402	98,996,870	122,442,485	99,337,511

Cash and bank balances include $122,101,594 (FY17/18: $99,029,209) 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 effective interest rate of the cash with the AGD ranges from 1.44% to 1.98% (FY17/18: 1.21% to 1.28%) per annum.

9. Trade and other payables

	The Authority		The Group	
	FY18/19	FY17/18	FY18/19	FY17/18
	$	$	$	$
Trade payables	4,184	7,445,768	28,152	7,474,202
Amount payable with respect to capital expenditure	-	2,986,155	-	2,986,155
Goods and services taxes	1,289,757	490,417	1,289,757	490,417
Accrued operating expenses	34,978,770	24,222,405	34,978,770	24,222,405
Total trade and other payables	36,272,711	35,144,745	36,296,679	35,173,179
Add:				
Amount due to Government	100,172	134,892	100,172	134,892
Rental, security and other deposits	7,201,799	6,961,572	7,201,799	6,961,572
Less:				
Goods and services taxes	(1,289,757)	(490,417)	(1,289,757)	(490,417)
Total financial liabilities at amortised cost	42,284,925	41,750,792	42,308,893	41,779,226

AGRI-FOOD AND VETERINARY AUTHORITY
AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

9. Trade and other payables (Continued)

Trade payables are non-interest bearing and normally settled on 30-day terms (FY17/18: 30-day terms).

Amount due to Government is unsecured, interest-free and to be settled in cash.

10. Capital and other grants received in advance

	The Authority and the Group	
	FY18/19	FY17/18
	$	$
Balance at the beginning of the financial year	588,460	324,744
Received/receivable during the financial year	821,461	594,022
Transfer to deferred capital grants (Note 12)	(195,522)	(73,410)
Transfer to statement of comprehensive income	(884,307)	(256,896)
Balance at the end of the financial year	330,092	588,460

During the financial year, the Authority received and paid $18,830,455 (FY17/18: $913,159) to government agencies and private companies in relation to several development projects.

11. Provision for 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.

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

	The Authority and the Group	
	FY18/19	FY17/18
	$	$
Balance at the beginning of the financial year	7,403,653	7,473,082
Payments during the financial year	(1,705,578)	(341,264)
Changes charged to profit or loss		
-Interest cost	97,961	116,472
-Current service cost	59,079	155,363
Re-measurement losses in other comprehensive income		
-Actuarial loss on valuation	1,043,828	-
Balance at the end of the financial year	6,898,943	7,403,653

11. Provision for pension benefits (Continued)

The provision for defined benefit obligation is payable as follows:

	The Authority and the Group	
	FY18/19	FY17/18
	$	$
Within one year	2,163,123	2,139,530
After one year	4,735,820	5,264,123
	6,898,943	7,403,653

The actuarial valuation of the present value of the defined benefit obligation was carried out by a qualified independent actuary in the current financial year and by management in the previous financial year using the projected unit credit method in accordance to SB-FRS 19.

The defined benefit obligation exposes the Group to actuarial risks such as interest risk, longevity risk and salary risk.

Interest risk	The present value of the defined benefit obligation is calculated using a discount rate determined by referenced to observed bond yields. An increase in discount rate will decrease the defined benefit obligation.
Longevity risk	The present value of the defined benefit obligation is calculated by reference to S0408 Singapore mortality table. An increase in life expectancy of participants will increase the defined benefit obligation.
Salary risk	The present value of the defined benefit obligation is calculated by reference to the future salaries of participants. As such an increase in the salary of participants will increase the defined benefit obligation.

The actuarial assumptions used in computing the pension benefits are:

	FY18/19	FY17/18
Discount rate	Active employees - 2.05% per annum	Active employees - 1.02% per annum
	Retirees - 2.12% per annum	Retirees - 2.28% 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

11. Provision for 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:

		FY18/19		FY17/18	
		Impact on defined obligation		Impact on defined obligation	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		$	$	$	$
Discount rates					
- Active employees	0.25%	(3,511)	3,527	(22,053)	22,756
- Retirees	0.25%	(115,090)	120,080	(109,533)	114,466
Future salary increases					
- Active employees	0.25%	5,625	(5,617)	14,974	(14,916)
- Retirees	0.25%	NA	NA	NA	NA
Mortality rates					
- Active employees	10%	(41)	41	(8,342)	9,072
- Retirees	10%	(129,007)	140,337	(111,769)	121,433

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

The Authority expects to contribute $174,874 to the defined benefit pension plans for the upcoming financial year ending 31 March 2020.

The average duration of the defined benefit obligation at the end of the reporting period is 2 years (FY17/18: 3 years).

12. Deferred capital grants

	The Authority and the Group	
	FY18/19	FY17/18
	$	$
Government grants		
Balance at beginning of the financial year	87,113,370	97,407,412
Transfer from capital grants (Note 10)	195,522	73,410
Transfer from operating grants (Note 17)	2,238,618	1,994,354
	89,547,510	99,475,176
Grants taken to statement of comprehensive income		
- to match depreciation	(11,886,295)	(12,358,750)
- to match disposals	(34,042)	(3,056)
- to match capital items expensed-off	(163,806)	-
	(12,084,143)	(12,361,806)
Balance at the end of the financial year	77,463,367	87,113,370

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			
	FY18/19		FY17/18	
	$	US$	$	US$
ACCUMULATED SURPLUS	39,496	29,135	67,144	51,239
Represented by:				
CURRENT ASSETS				
Cash and bank balances	29,431	21,710	57,092	43,568
Fixed deposits	10,065	7,425	10,052	7,671
	39,496	29,135	67,144	51,239
Net current assets, representing net assets	39,496	29,135	67,144	51,239

The income and expenditure of the fund for the financial years ended 31 March 2019 and 2018 are as follows:

	The Authority and the Group			
	FY18/19		FY17/18	
	$	US$	$	US$
INCOME				
Interest from fixed deposits	13	9	422	322
Less:				
EXPENDITURE				
General and administrative expenses	27,662	20,405	54,762	41,789
	(27,649)	(20,396)	(54,340)	(41,467)

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 = $1.3556 (31 March 2018: US$1 = $1.3104).

AGRI-FOOD AND VETERINARY AUTHORITY
AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

14. Rental and conservancy charges

	The Authority and the Group	
	FY18/19	FY17/18
	$	$
Fishery ports	5,694,098	5,807,939
Managed properties	28,549,533	6,405,587
Others	1,286,331	1,191,456
	35,529,962	13,404,982

15. Staff costs

	The Authority		The Group	
	FY18/19	FY17/18	FY18/19	FY17/18
	$	$	$	$
Salaries, allowances and bonus	78,294,660	81,142,545	78,294,660	81,142,545
Central Provident Fund contributions	9,550,989	9,766,153	9,550,989	9,766,153
Pension benefits (Note 11)	157,040	271,835	157,040	271,835
Other staff costs	4,160,968	7,375,648	4,160,968	7,375,208
	92,163,657	98,556,181	92,163,657	98,555,741

	The Authority and the Group	
	FY18/19	FY17/18
	$	$
Staff costs include key management remuneration as follows:		
Short term employee benefits	6,140,244	5,952,785
Post-employment benefits	275,026	256,357
	6,415,270	6,209,142

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

AGRI-FOOD AND VETERINARY AUTHORITY
AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

16. General and administrative expenses

	The Authority		The Group	
	FY18/19	FY17/18	FY18/19	FY17/18
	$	$	$	$
Transport and travel	918,678	838,282	918,908	838,282
Office supplies	759,695	825,616	759,749	825,616
Laboratory supplies	3,644,352	3,092,790	3,644,352	3,092,790
Utilities	4,225,835	2,507,495	4,225,834	2,507,495
Rental - operating leases	12,592,028	8,477,056	12,593,352	8,478,876
Rental - others	69,996	7,542	69,996	7,542
Maintenance of office premises	12,426,715	7,536,919	12,426,715	7,536,919
Maintenance of information systems	14,879,882	11,267,234	14,879,882	11,267,234
Maintenance of office and laboratory equipment	2,262,570	1,926,238	2,262,570	1,926,238
Auditors' remuneration	60,700	60,100	64,659	62,989
Laboratory fees	6,061,716	6,300,277	6,061,716	6,300,277
Public education	1,191,326	1,571,031	1,191,326	1,571,031
Professional fees	1,596,226	1,093,033	1,630,732	1,184,886
Estate management fee	3,339,610	3,811,756	3,339,610	3,811,756
Board honorarium	116,042	120,483	135,737	140,178
Goods and services tax	3,525,998	3,754,477	3,525,998	3,754,477
Security services	2,429,256	2,157,839	2,429,256	2,157,839
Highly Pathogenic Asian Avian Influenza expenditure	358,553	442,140	358,553	442,140
Property tax	1,400,111	1,435,545	1,400,111	1,435,545
Food fund	4,235,987	3,642,671	4,235,987	3,642,671
Payment to international organisations	3,207,763	3,200,057	3,207,763	3,200,057
Property, plant and equipment written off	378,844	50,732	378,844	50,732
Other operating expenses	13,288,808	12,510,767	13,345,006	12,514,946
	92,970,691	76,630,080	93,086,656	76,750,516

17. Operating grants

	The Authority and the Group	
	FY18/19	FY17/18
	$	$
Received/receivable during the financial year	136,556,527	132,324,690
Transfer to deferred capital grants (Note 12)	(2,238,618)	(1,994,354)
Transfer to statements of comprehensive income	134,317,909	130,330,336

AGRI-FOOD AND VETERINARY AUTHORITY
AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

18. Total government grants

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

	The Authority and the Group	
	FY18/19	FY17/18
	$	$
Capital and other grants	302,488,963	301,667,502
Operating grants	1,569,059,827	1,432,503,300
	1,871,548,790	1,734,170,802

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.

The contribution is based on 17% (FY17/18: 17%) of the surplus for the financial year.

	The Authority and the Group	
	FY18/19	FY17/18
	$	$
Current year provision	3,505,996	-
	3,505,996	-

20. Income tax

A reconciliation between tax and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2019 and 2018 are as follows:

	The Group	
	FY18/19	FY17/18
	$	$
Surplus/(deficit) before contribution to Consolidated Fund and taxation	20,552,961	(1,765,432)
Less: The Authority's surplus/(deficit) before contribution to Consolidated Fund and income tax expense	20,623,508	(1,811,663)
The subsidiary's (loss)/profit before income tax expense	(70,547)	46,231
Income tax at statutory rate of 17% (FY17/18: 17%)	(11,993)	7,859
Deferred tax assets not recognised	11,993	-
Utilisation of previously unrecognised deferred tax benefits	-	(7,859)
	-	-

20. Income tax (Continued)

As at 31 March 2019, the Group has unabsorbed losses of approximately $152,537 (FY17/18: $82,000) 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.

21. Capital commitment

Capital expenditure, in relation to future acquisition of property, plant and equipment, contracted during the financial year but not provided for in the financial statements amounted to $1,335,337 (FY17/18: $2,052,485) at the end of the reporting period.

22. Operating lease commitments

As lessee

Operating lease payments recognised in profit or loss amounted to $12,593,352 (FY17/18: $8,478,876).

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	
	FY18/19	FY17/18
	$	$
Not later than one financial year	9,211,822	10,515,342
Later than one financial year but not later than five financial years	4,229,752	11,879,552
	13,441,574	22,394,894

The leases for office premises which were contracted with rent payable have expiry dates ranging from 31 May 2019 to 31 December 2021.

As lessor

The future minimum amounts receivable under non-cancellable operating leases for the premises at the Authority's fishery ports, and managed properties that were contracted at the reporting date but not recognised as receivables are as follows:

	The Authority and the Group	
	FY18/19	FY17/18
	$	$
Not later than one financial year	22,931,202	24,170,100
Later than one financial year but not later than five financial years	15,093,945	21,923,403
	38,025,147	46,093,503

The leases on the premises of the Authority's fishery ports, and managed properties which were contracted with rent receivable have expiry dates ranging from 26 April 2018 to 25 March 2021.

23. 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 financial year, the Authority has significant transactions, at terms agreed between the related parties, 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	
	FY18/19	**FY17/18**
Ministries and Statutory Boards	**$**	**$**
Ministry of National Development		
- Rental expenses	(10,586,874)	(6,625,540)
Health Sciences Authority		
- Laboratory fees	(6,049,980)	(6,200,354)
Singapore Land Authority		
- Rental expenses	(1,714,477)	(1,778,978)

	The Authority	
	FY18/19	**FY17/18**
Subsidiary	**$**	**$**
Agrifood Technologies Pte Ltd		
- Professional fees	16,920	17,360

24. Financial risk management

The Group's activities expose it to interest rate risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board Members is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, in accordance with the objectives and underlying principles approved by the Board.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

24. Financial risk management (Continued)

(a) *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 Group is 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 accumulated surplus.

(b) *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit and collectability risk on trade receivables. It is Group's policy to assess the credit risk of new customers before entering contracts.

The Group has policies in place to ensure that services are made to customers with appropriate credit history, and that surplus funds are placed with reputable banks.

The Group determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. The Group has no significant concentrations of credit risk.

(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 Group. Cash and cash equivalents that are neither past due nor impaired are placed with banks and financial institutions with high credit ratings.

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

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

	The Authority		The Group	
	FY18/19	FY17/18	FY18/19	FY17/18
	$	$	$	$
≤ 90 days	542,927	348,956	542,927	357,946
> 90 days	456,477	220,368	510,477	274,368

As at 31 March 2019, the Group do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics. The Group has policies in place to ensure that surplus funds are placed with reputable banks. Accordingly, the Group and the Authority's provision for loss allowance amounted to $105,177 and $51,177 respectively.

24. Financial risk management (Continued)

(b) *Credit risk* (Continued)

The movement in the loss allowance for impairment in respect of trade receivables during the year are as follows:

	The Authority	
	FY18/19	FY17/18
	$	$
Balance at beginning of the financial year	70,581	75,331
Loss allowance charged for the year	-	46,896
Amount written off	(19,404)	(4,556)
Amount written back	-	(47,090)
Balance at end of the financial year (Note 7)	51,177	70,581

	The Group	
	FY18/19	FY17/18
	$	$
Balance at beginning of the financial year	70,581	156,331
Loss allowance charged for the year	54,000	46,896
Amount written off	(19,404)	(4,556)
Amount written back	-	(128,090)
Balance at end of the financial year (Note 7)	105,177	70,581

Bank balances

Credit risk also arises from balances held with banks. The management monitors the credit ratings of the counterparties regularly. Impairment of cash and bank balances have been measured based on 12-month expected credit loss model. At each reporting date, the Authority did not expect any material credit losses from non-performances by these banks and financial institutions which are assigned with minimum rating “A” and above by international credit-rating agencies.

(c) *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.

24. Financial risk management (Continued)

(c) *Liquidity risk* (Continued)

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	
	FY18/19	**FY17/18**
	$	**$**
The Authority		
Financial assets		
Trade and other receivables	3,915,060	2,201,098
Cash and cash equivalents	122,115,402	98,996,870
	126,030,462	101,197,968
Financial liabilities		
Trade and other payables	34,982,954	34,654,328
Amount due to Government	100,172	134,892
Rental, security and other deposits	7,201,799	6,961,572
	42,284,925	41,750,792

	≤ 1 year	
	FY18/19	**FY17/18**
	$	**$**
The Group		
Financial assets		
Trade and other receivables	3,915,060	2,262,553
Cash and cash equivalents	122,442,485	99,337,511
	126,357,545	101,600,064
Financial liabilities		
Trade and other payables	35,006,922	34,682,762
Amount due to Government	100,172	134,892
Rental, security and other deposits	7,201,799	6,961,572
	42,308,893	41,779,226

25. 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.

Financial instruments whose carrying amounts approximate fair value

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, amount due to Government and rental, security and other deposits reasonably approximate their fair values due to their relative short term maturity.

26. 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 financial year.

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

27. Adoption of new accounting standards

SB-FRS 109 Financial Instruments

SB-FRS 109 replaces SB-FRS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied SB-FRS 109 retrospectively, with an initial application date of 1 April 2018. The Group has not restated comparative information which continues to be reported under SB-FRS 39 and the disclosure requirements of SB-FRS 107 Financial Instruments: Disclosures relating to items within the scope of SB-FRS 39. The adoption of SB-FRS 109 had no material effect on amounts reported at the date of initial application.

SB-FRS 115 Revenue from Contracts with Customers

SB-FRS 115 supersedes SB-FRS 11 Construction Contracts, SB-FRS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. SB-FRS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

SB-FRS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted SB-FRS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts with customers as at 1 April 2018.

The cumulative effect of initially applying SB-FRS 115 is recognised at the date of initial application as an adjustment to the opening balance of accumulated surplus. Therefore, the comparative information was not restated and continues to be reported under SB-FRS 18 and related interpretations.

AGRI-FOOD AND VETERINARY AUTHORITY
AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

27. Adoption of new accounting standards (Continued)

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

The effect of adopting SB-FRS 115 as at 1 April 2018 was as follows:

	The Group and the Authority (Decrease)/Increase $
Equity	
Accumulated surplus	2,648,656
Liabilities	
Deferred income	(2,648,656)

The following shows the amount by which each financial statement line item is affected for the financial year ended 31 March 2019 as a result of the adoption of SB-FRS 115. The third column shows amounts prepared under SB-FRS 115 and the first column shows what the amounts would have been had SB-FRS 115 not been adopted:

Statements of financial position

	The Group		
	Reported under SB-FRS 18	Effect of applying SB-FRS 115	Reported under SB-FRS 115
	$	$	$
Equity			
Accumulated surplus	67,278,956	3,276,506	70,555,462
Liabilities			
Deferred income	3,276,506	(3,276,506)	-

	The Authority		
	Reported under SB-FRS 18	Effect of applying SB-FRS 115	Reported under SB-FRS 115
	$	$	$
Equity			
Accumulated surplus	66,975,843	3,276,506	70,252,349
Liabilities			
Deferred income	3,276,506	(3,276,506)	-

AGRI-FOOD AND VETERINARY AUTHORITY
AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

27. Adoption of new accounting standards (Continued)

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

Statements of comprehensive income

	The Group		
	Reported under SB-FRS 18	Effect of applying SB-FRS 115	Reported under SB-FRS 115
	$	$	$
Revenue			
Licence fees	4,083,761	627,850	4,711,611
Surplus before contribution to consolidated fund and taxation	19,925,111	627,850	20,552,961

	The Authority		
	Reported under SB-FRS 18	Effect of applying SB-FRS 115	Reported under SB-FRS 115
	$	$	$
Revenue			
Licence fees	4,083,761	627,850	4,711,611
Surplus before contribution to consolidated fund and taxation	19,995,658	627,850	20,623,508

The nature of the adjustments as at 1 April 2018 and the reasons for the significant changes in the statements of financial position as at 31 March 2019 and the statements of comprehensive income for the financial year ended 31 March 2019 are described below:

Licence fees

Under SB-FRS 18 Revenue, licence fees are recognised in accordance with the substance of the agreement. The Group has previously recognised the licence fees on time proportion basis over the licence period.

Upon transiting to SB-FRS 115, the Group has applied the principles of this standard. SB-FRS 115 requires an entity to recognise revenue using the 5-step model when the entity satisfies a performance obligation, either over time or at a point in time. Under SB-FRS 115, the Group has fulfilled their performance obligation upon issuance of the licences. Revenue from licence fees is recognised at the point in time when licences are issued to the customers.

The Group has considered the terms of the licencing arrangements and determined that the nature of promise in granting the licence to licensee is to provide them “a right to perform” an activity during the licence period. The Group does not identify any remaining promises to transfer a good or service to licensee in the arrangement that are distinct from the licence. Hence, the Group concluded there is a single distinct performance obligation to issue the licence.

Accordingly, the Group and the Authority has debited deferred income by $2,648,656 and credited its accumulated surplus by $2,648,656 as at 1 April 2018.

During the financial year ended 31 March 2019, license fees recognised by the Group and the Authority has increased by $627,850 with a corresponding decrease in deferred income.

28. Reclassifications and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements. The Group changed the classification of its capital expenditure from development work-in-progress to capital grant receivable from Government to reflect more appropriately the nature of the transactions to be in line with the Group's activities.

The changes in classification of development work-in-progress and capital grant receivable from Government are reflected below:

Statements of financial position

	The Group and the Authority	
	As previously reported	After reclassification
	$	$
Non-current assets		
Property, plant and equipment	100,828,344	97,425,963
Current assets		
Capital grant receivable from Government	-	3,402,381

Consolidated statement of cash flows

	The Group	
	As previously reported	After reclassification
	$	$
Cash flows from operating activities		
Amount due to Government	40,516	(375,710)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,524,647)	(3,108,421)

29. Authorisation of financial statements for issue

The financial statements of the Authority and its subsidiary for the financial year ended 31 March 2019 were authorised for issue by the Board Members of the Authority on 6 June 2019.

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