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# FINANCIAL REPORT

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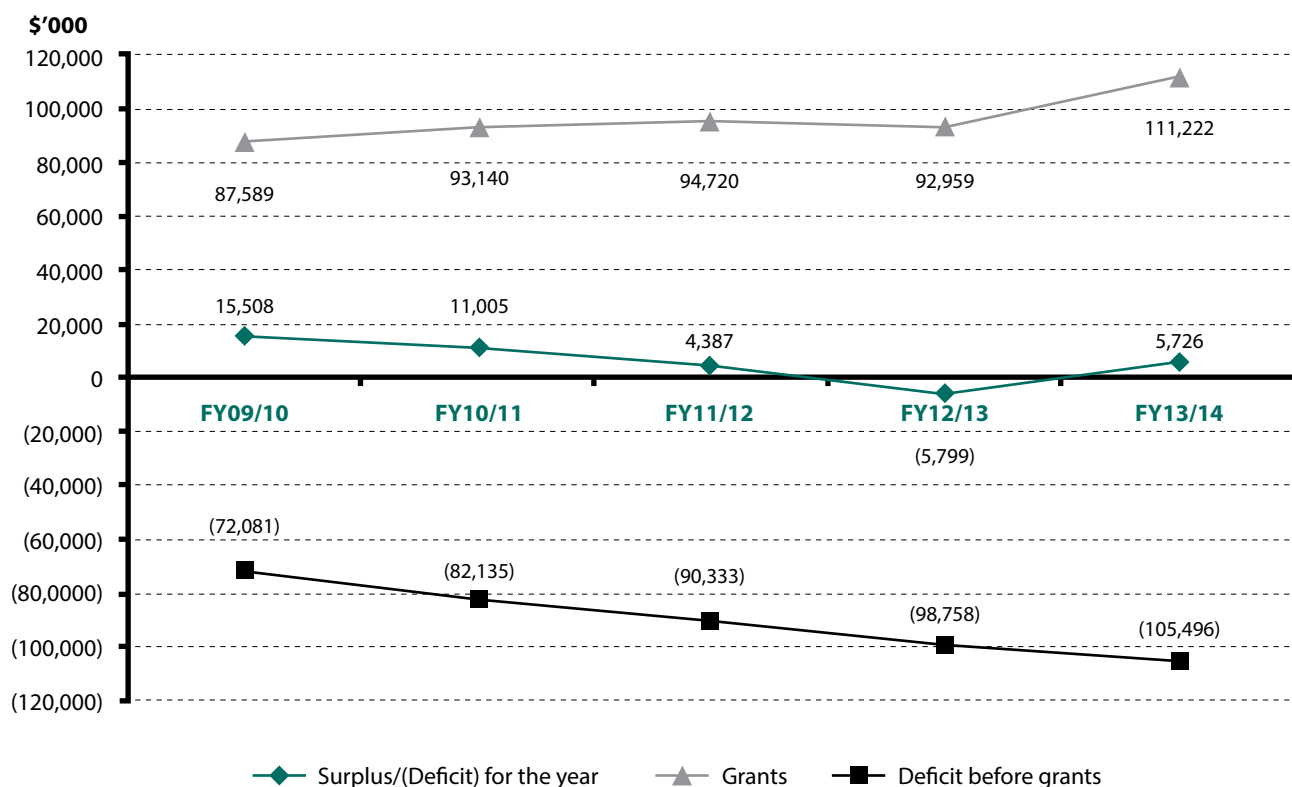
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## FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

<b>INCOME AND EXPENDITURE</b>	FY09/10	FY10/11	FY11/12	FY12/13	<b>FY13/14</b>
	\$'000	\$'000	\$'000	\$'000	<b>\$'000</b>
Income	37,455	36,513	37,024	35,405	36,242
Grant	87,589	93,140	94,720	92,959	111,222
<b>Total income</b>	<b>125,044</b>	<b>129,653</b>	<b>131,744</b>	<b>128,364</b>	<b>147,464</b>
Expenditure	106,366	116,399	126,463	134,163	140,572
Surplus/ (Deficit) before contribution to Consolidated Fund and taxation	18,678	13,254	5,281	(5,799)	6,892
Contribution to Consolidated Fund	(3,166)	(2,246)	(893)	-	(1,162)
Taxation	(4)	(3)	(1)	-	(4)
<b>Surplus/ (Deficit) for the year</b>	<b>15,508</b>	<b>11,005</b>	<b>4,387</b>	<b>(5,799)</b>	<b>5,726</b>

### SURPLUS/(DEFICIT) FOR THE YEAR



## FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP (continued)

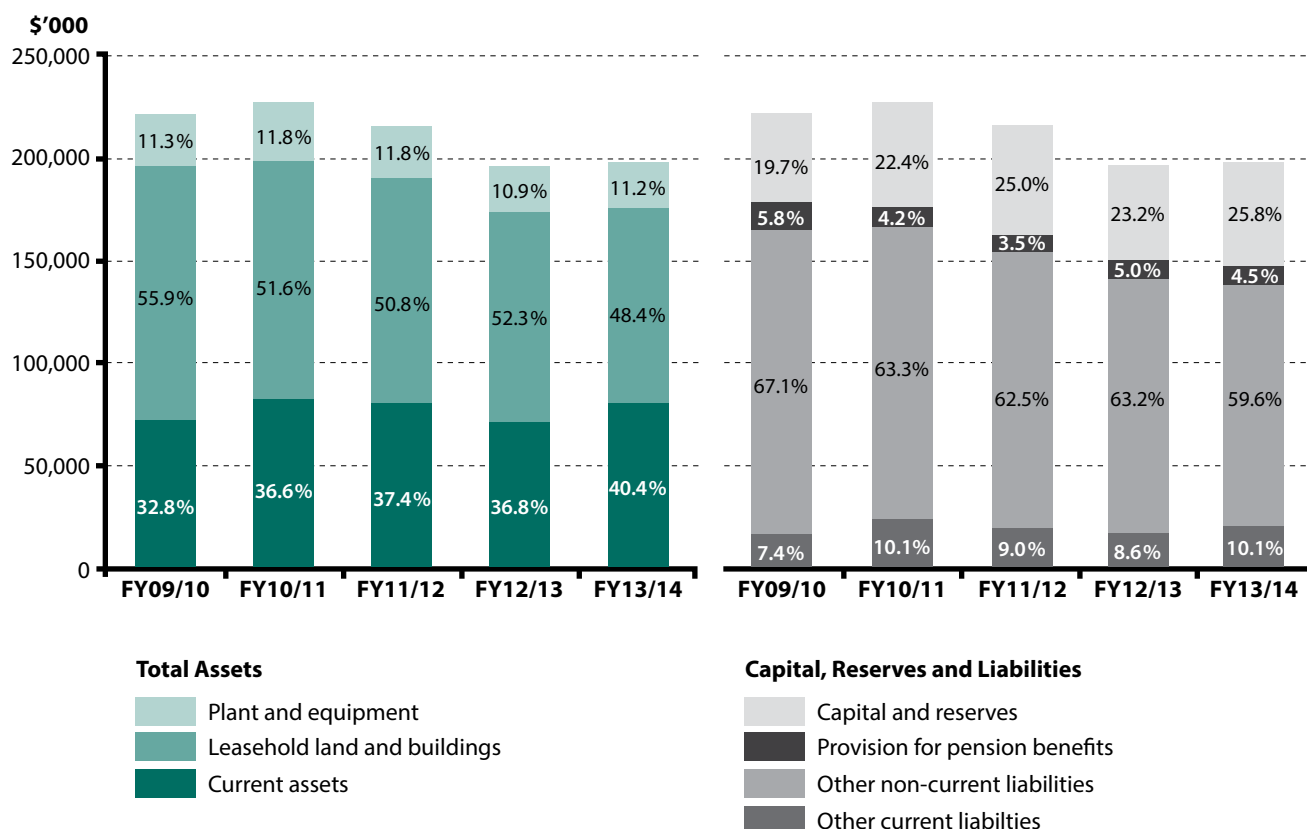
### FINANCIAL POSITION

As at 31 March 2014, the Group's total assets amounted to \$197.6 million (31 March 2013: \$195.4 million). Property, plant and equipment which stood at \$117.8 million accounted for 59.6% of the total assets (31 March 2013: 63.2%).

Capital, reserves and liabilities of the Group totalled \$197.6 million as at 31 March 2014 (31 March 2013: \$195.4 million). Of the \$197.6 million, capital and reserves totalled \$51.1 million and other non-current liabilities stood at \$117.8 million. Provision for pension benefits and other current liabilities accounted for \$8.9 million and \$19.8 million respectively.

BALANCE SHEET	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	\$'000	\$'000	\$'000	\$'000	\$'000
Plant and equipment	25,038	26,801	25,454	21,321	22,151
Leasehold land and buildings	123,705	116,693	109,322	102,286	95,658
Current assets	72,557	82,776	80,648	71,832	79,751
<b>Total assets</b>	<b>221,300</b>	<b>226,270</b>	<b>215,424</b>	<b>195,439</b>	<b>197,560</b>
Capital and reserves	43,671	50,575	53,866	45,342	51,067
Provision for pension benefits	12,804	9,542	7,618	9,689	8,893
Other non-current liabilities	148,452	143,333	134,649	123,514	117,750
Other current liabilities	16,373	22,820	19,291	16,894	19,850
<b>Total capital, reserves and liabilities</b>	<b>221,300</b>	<b>226,270</b>	<b>215,424</b>	<b>195,439</b>	<b>197,560</b>

### FINANCIAL POSITION

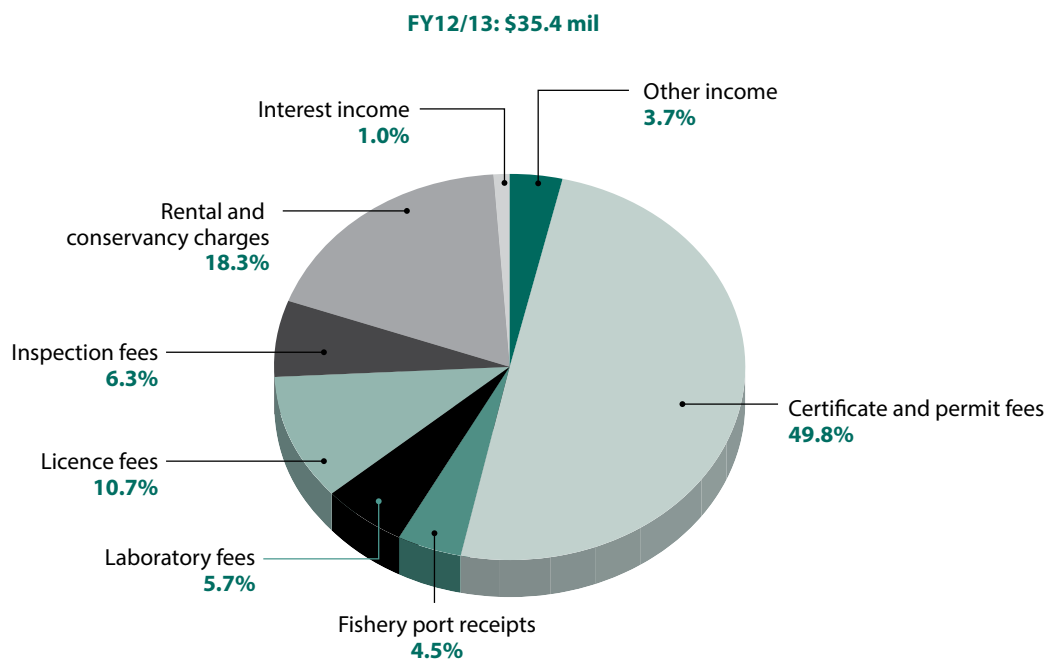
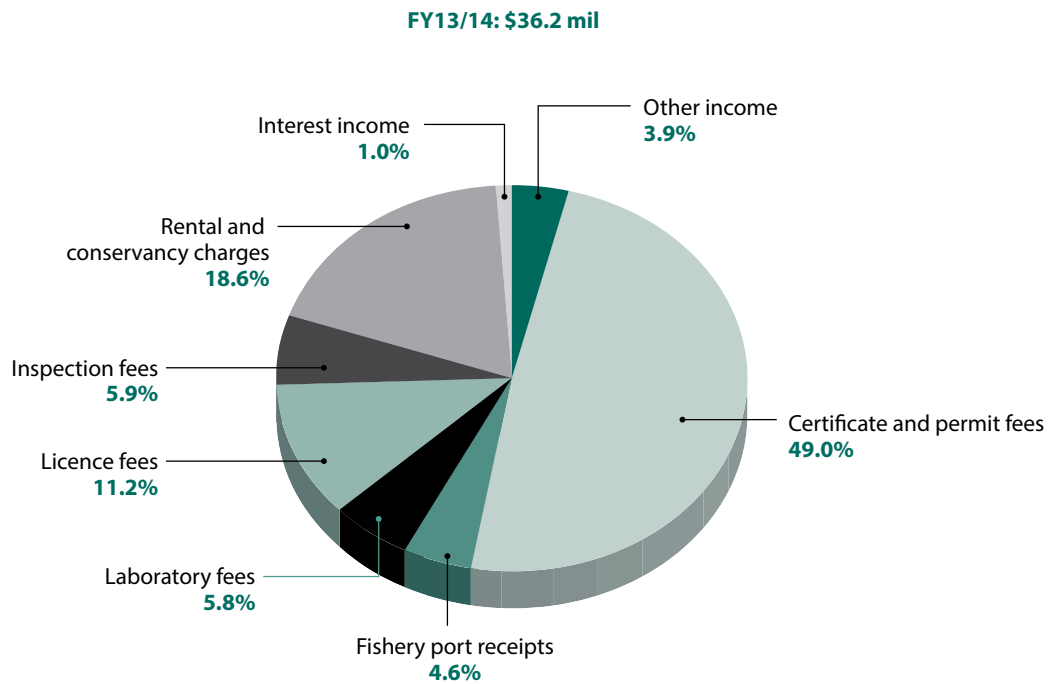


## FINANCIAL REVIEW

### INCOME

The Group's income comprised mainly certificate and permit fees (49%); rental income from the fishery ports (18.6%); and licence fees (11.2%).

The Group's income increased by \$0.8 million (2.3%) to \$36.2 million in FY13/14 as compared to \$35.4 million in FY12/13. The increase was due mainly to increase in revenue collections from certificates and permit fees, licence fees and rental and conservancy charges.

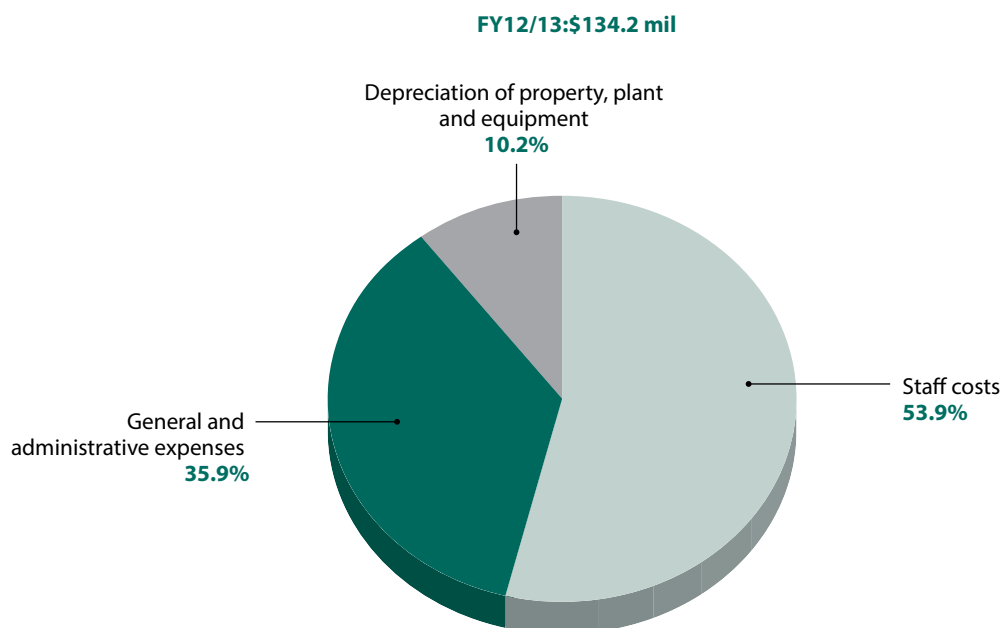
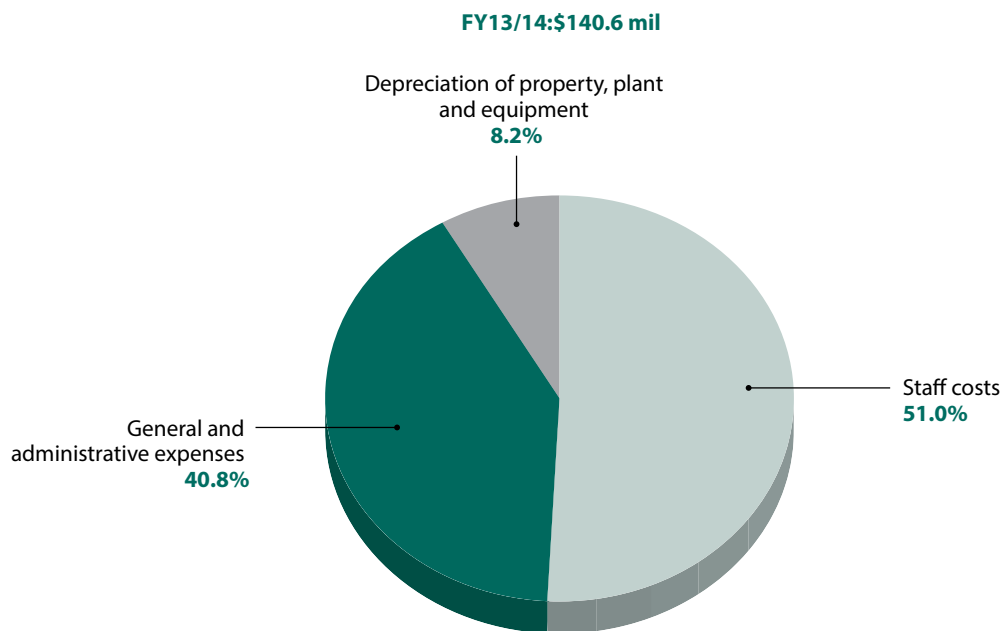


## FINANCIAL REVIEW (continued)

### EXPENDITURE

The Group's expenditure comprised mainly staff costs (51%), general and administrative expenses (40.8%) and depreciation (8.2%).

The Group's expenditure increased by \$6.4 million (4.8%) for the financial year ended 31 March 2014. The increase was attributed mainly to an increase in general and administrative expenses.



### CAPITAL EXPENDITURE

The Group's capital expenditure comprised mainly purchase of equipment (29.3%); and expenditure on development projects (70.7%).

There was an increase in the Group's capital expenditure of \$3.4 million (FY13/14: \$6 million; FY12/13: \$2.6 million), due mainly to higher expenditure on development projects.

Agri-Food and Veterinary Authority and its subsidiary

**STATEMENT BY THE BOARD**  
**For the year ended 31 March 2014**

In our opinion, the accompanying statements of financial position, statements of comprehensive income, statements of changes in equity of the Agri-Food and Veterinary Authority (the "Authority") and the Group and the statement of cash flows of the Group together with the summary of significant accounting policies and other explanatory notes thereto as set out on pages 115 to 142 are drawn up in accordance with the provisions of the Agri-Food and Veterinary Authority Act (Cap. 5, 2001 Revised Edition) and Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Authority and the Group as at 31 March 2014, and the results and changes in equity of the Authority and the Group and changes in cash flows of the Group for the year ended on that date.

On behalf of the Board



**Koh Soo Keong**  
Chairman



**Tan Poh Hong**  
Chief Executive Officer

25 June 2014

Agri-Food and Veterinary Authority and its subsidiary

## **INDEPENDENT AUDITOR'S REPORT**

**For the year ended 31 March 2014**

### **Independent Auditor's Report to the Agri-Food and Veterinary Authority**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Agri-Food and Veterinary Authority (the "Authority") and its subsidiary (collectively, the "Group"), which comprise the statements of financial position of the Authority and the Group as at 31 March 2014, and the statements of comprehensive income and statements of changes in equity of the Authority and the Group and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of Agri-Food and Veterinary Authority Act Cap. 5, 2001 Revised Edition (the "Act") and the Statutory Board Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

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

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

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

#### **Opinion**

In our opinion, the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Authority are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group and the Authority as at 31 March 2014 and the results and changes in equity of the Group and the Authority and cash flows of the Group for the year ended on that date.

Agri-Food and Veterinary Authority and its subsidiary

## **INDEPENDENT AUDITOR'S REPORT** **For the year ended 31 March 2014**

### **Independent Auditor's Report to the Agri-Food and Veterinary Authority**

#### **Report on other legal and regulatory requirements**

##### ***Management's responsibility for compliance with legal and regulatory requirements***

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

##### ***Auditor's responsibility***

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

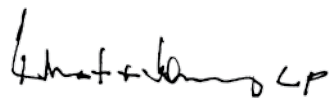
Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for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

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

##### ***Opinion***

In our opinion:

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



**Ernst & Young LLP**  
Public Accountants and  
Chartered Accountants  
Singapore

25 June 2014



## Agri-Food and Veterinary Authority and its subsidiary

**STATEMENTS OF FINANCIAL POSITION**  
**As at 31 March 2014**

Notes	The Authority		The Group	
	FY13/14 \$	FY12/13 \$	FY13/14 \$	FY12/13 \$
<b>CAPITAL AND RESERVES</b>				
Share capital	4	1,000	1,000	1,000
Accumulated surplus		50,628,391	51,066,987	45,341,134
		<u>50,629,391</u>	<u>51,067,987</u>	<u>45,342,134</u>
Represented by:				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	5	117,809,159	117,809,159	123,607,238
Subsidiary	6	2	-	-
		<u>117,809,161</u>	<u>117,809,159</u>	<u>123,607,238</u>
<b>CURRENT ASSETS</b>				
Prepayments		827,347	827,347	990,363
Trade and other receivables	7	1,120,122	1,137,476	1,409,403
Operating grant receivable from Government		1,358,827	1,358,827	1,790,660
Capital and other grant receivable from Government		-	-	1,833,477
Cash and cash equivalents	8	75,948,721	76,427,652	65,807,527
		<u>79,255,017</u>	<u>79,751,302</u>	<u>71,831,430</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	9	12,076,738	12,129,328	9,312,166
Amount due to Government		-	-	108,797
Rental, security and other deposits		2,411,124	2,411,124	2,233,175
Capital and other grants received in advance	10	1,892,560	1,892,560	2,937,379
Deferred income		2,249,413	2,249,413	2,302,282
Provision for pension benefits	11	2,554,347	2,554,347	2,083,158
Provision for contribution to Consolidated Fund		1,162,394	1,162,394	-
Provision for taxation		-	5,097	115
		<u>22,346,576</u>	<u>22,404,263</u>	<u>18,977,072</u>
		<u>56,908,441</u>	<u>57,347,039</u>	<u>52,854,358</u>
<b>NET CURRENT ASSETS</b>				
<b>NON-CURRENT LIABILITIES</b>				
Provision for pension benefits	11	6,338,216	6,338,216	7,605,462
Deferred capital grants	12	117,749,995	117,749,995	123,514,000
		<u>124,088,211</u>	<u>124,088,211</u>	<u>131,119,462</u>
		<u>50,629,391</u>	<u>51,067,987</u>	<u>45,342,134</u>
Net assets of MFRD Fund	13	282,434	282,434	301,260

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

Agri-Food and Veterinary Authority and its subsidiary

## STATEMENTS OF COMPREHENSIVE INCOME

### For the year ended 31 March 2014

	Notes	The Authority		The Group	
		FY13/14	FY12/13	FY13/14	FY12/13
		\$	\$	\$	\$
<b>INCOME</b>					
Certificate and permit fees		17,750,238	17,617,832	17,750,238	17,617,832
Fishery port receipts		1,664,415	1,594,333	1,664,415	1,594,333
Laboratory fees		2,092,458	2,029,789	2,092,458	2,029,789
Licence fees		4,056,371	3,787,236	4,056,371	3,787,236
Inspection fees		2,198,069	2,260,752	2,153,899	2,241,995
Rental and conservancy charges		6,744,422	6,463,348	6,744,422	6,463,348
Interest income		358,398	362,289	359,514	362,289
Other income		1,163,039	1,217,778	1,421,159	1,308,291
		<u>36,027,410</u>	<u>35,333,357</u>	<u>36,242,476</u>	<u>35,405,113</u>
<b>EXPENDITURE</b>					
Staff costs	14	71,603,048	66,764,842	71,596,328	66,761,902
General and administrative expenses	15	57,275,263	48,095,713	57,406,403	48,167,714
Depreciation of property, plant and equipment	5	11,585,694	13,664,893	11,585,694	13,664,893
(Gain)/Loss on disposal of property, plant and equipment		(52,238)	52,768	(52,238)	52,768
		<u>140,411,767</u>	<u>128,578,216</u>	<u>140,536,187</u>	<u>128,647,277</u>
<b>DEFICIT BEFORE GRANTS</b>		(104,384,357)	(93,244,859)	(104,293,711)	(93,242,164)
<b>GRANTS</b>					
Operating grants	16	99,261,055	79,065,231	99,261,055	79,065,231
Transfer from capital and other grants received in advance	10	60,401	20,305	60,401	20,305
Transfer from deferred capital grants	12	11,900,513	13,873,240	11,900,513	13,873,240
		<u>111,221,969</u>	<u>92,958,776</u>	<u>111,221,969</u>	<u>92,958,776</u>
<b>SURPLUS/(DEFICIT) BEFORE CONTRIBUTION TO CONSOLIDATED FUND AND TAXATION</b>		6,837,612	(286,083)	6,928,258	(283,388)
Contribution to Consolidated Fund	18	(1,162,394)	–	(1,162,394)	–
Income tax expense	19	–	–	(4,467)	(115)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		5,675,218	(286,083)	5,761,397	(283,503)
<b>OTHER COMPREHENSIVE INCOME:</b>					
Actuarial loss on defined benefit plan		(35,544)	(5,515,944)	(35,544)	(5,515,944)
Other comprehensive income, net of tax		(35,544)	(5,515,944)	(35,544)	(5,515,944)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>5,639,674</u>	<u>(5,802,027)</u>	<u>5,725,853</u>	<u>(5,799,447)</u>

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

## Agri-Food and Veterinary Authority and its subsidiary

## STATEMENTS OF CHANGES IN EQUITY

### For the year ended 31 March 2014

	Note	Share capital \$	Accumulated surplus \$	Total equity \$
<b>The Authority</b>				
Balance at 1 April 2012		1,000	53,514,744	53,515,744
Deficit for the year		–	(286,083)	(286,083)
Other comprehensive income for the year, net of tax		–	(5,515,944)	(5,515,944)
Total comprehensive income for the year		–	(5,802,027)	(5,802,027)
Dividend	20	–	(2,724,000)	(2,724,000)
Balance at 31 March 2013 and 1 April 2013		1,000	44,988,717	44,989,717
Surplus for the year		–	5,675,218	5,675,218
Other comprehensive income for the year, net of tax		–	(35,544)	(35,544)
Total comprehensive income for the year		–	5,639,674	5,639,674
Balance at 31 March 2014		1,000	50,628,391	50,629,391
<b>The Group</b>				
Balance at 1 April 2012		1,000	53,864,581	53,865,581
Deficit for the year		–	(283,503)	(283,503)
Other comprehensive income for the year, net of tax		–	(5,515,944)	(5,515,944)
Total comprehensive income for the year		–	(5,799,447)	(5,799,447)
Dividend	20	–	(2,724,000)	(2,724,000)
Balance at 31 March 2013 and 1 April 2013		1,000	45,341,134	45,342,134
Surplus for the year		–	5,761,397	5,761,397
Other comprehensive income for the year, net of tax		–	(35,544)	(35,544)
Total comprehensive income for the year		–	5,725,853	5,725,853
Balance at 31 March 2014		1,000	51,066,987	51,067,987

Agri-Food and Veterinary Authority and its subsidiary

## CONSOLIDATED STATEMENT OF CASH FLOWS

### For the year ended 31 March 2014

	FY13/14	FY12/13
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficit before grants	(104,293,711)	(93,242,164)
Adjustments for:		
Depreciation of property, plant and equipment	11,585,694	13,664,893
(Gain)/loss on disposal of property, plant and equipment	(52,238)	52,768
Property, plant and equipment written-off	142,329	2,741
Interest income	(359,514)	(362,289)
Provision for pension benefits	243,446	336,275
Operating deficit before working capital changes	(92,733,994)	(79,547,776)
Changes in working capital excluding cash and cash equivalents:		
Prepayments	163,016	(114,029)
Trade and other receivables	298,929	(386,088)
Trade and other payables	2,782,802	(1,446,461)
Amount due to Government	(108,797)	10,073
Rental, security and other deposits	177,949	172,033
Deferred income	(52,869)	(413,622)
	(89,472,964)	(81,725,870)
Payment of contribution to Consolidated Fund	–	(892,904)
Payment of pension benefits	(1,075,047)	(3,782,050)
Refund/(payment) of income tax	515	(1,986)
Net cash used in operating activities	(90,547,496)	(86,402,810)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment (Note A)	(5,929,064)	(3,825,262)
Proceeds from disposal of property, plant and equipment	85,718	11,562
Interest income received	332,512	412,584
Net cash used in investing activities	(5,510,834)	(3,401,116)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	–	(2,724,000)
Government grants received	106,678,455	93,890,840
Cash generated from financing activities	106,678,455	91,166,840
Net increase in cash and cash equivalents	10,620,125	1,362,914
Cash and cash equivalents at beginning of year	65,807,527	64,444,613
Cash and cash equivalents at end of year (Note 8)	76,427,652	65,807,527

**Note A:**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$5,963,424 (FY12/13: \$2,562,876) of which \$252,715 (FY12/13: \$218,355) is yet to be paid as at the end of the financial year. Cash payments of \$5,929,064 (FY12/13: \$3,825,262) were made to purchase property, plant and equipment.

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 1. GENERAL INFORMATION

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

The registered office is at 5 Maxwell Road, #02/03-00 Tower Block, MND Complex, Singapore 069110.

#### 2. PRINCIPAL ACTIVITIES

The principal activities of the Authority are:

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES

##### 3.1 Basis of preparation

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

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

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 3.1 Basis of preparation (cont'd)

###### Significant accounting estimates and judgements

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

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

###### (i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 - 30 years. The carrying amount of the Authority and Group's property, plant and equipment as at 31 March 2014 is \$117,809,159 (FY12/13: \$123,607,238). 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 2014 is \$8,892,563 (FY12/13: \$9,688,620). Further details are provided in Note 11.

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

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

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

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 3.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of SB-FRS (INT SB-FRS) that are effective for annual periods beginning on or after 1 April 2013. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Authority and the Group.

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

The Authority and the Group have not adopted the following new or revised SB-FRSs and INT SB-FRSs that have been issued as of the reporting date but are not yet effective. The Authority and the Group anticipate that the adoption of these SB-FRSs and INT SB-FRSs in future periods will not have a material impact on the Authority and the Group's financial statements.

Description		Effective for annual periods beginning on or after
SB-FRS 27	Separate Financial Statements	1 January 2014
SB-FRS 32	Offsetting of Financial Assets and Financial Liabilities	1 January 2014
SB-FRS 110	Consolidated Financial Statements	1 January 2014
SB-FRS 112	Disclosure of Interests in Other Entities	1 January 2014
	Amendments to SB-FRS 110, SB-FRS 111, SB-FRS 112, SB-FRS 27 and SB-FRS 28: Mandatory Effective Date	-
	Consolidated Financial Statements	1 January 2014
	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance (Amendments to SB-FRS 110, SB-FRS 111 and SB-FRS 112)	1 January 2014
SB-FRS 110, SB-FRS 112 and SB-FRS 27	Amendments to SB-FRS 110, SB-FRS 112 and SB-FRS 27: Investment Entities	1 January 2014
SB-FRS 36	Amendments to SB-FRS 36: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 3.4 *Functional and presentation currency*

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

##### 3.5 *Basis of consolidation*

###### **Basis of consolidation from 1 January 2010**

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

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

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

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

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

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



Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 3.5 *Basis of consolidation (cont'd)*

###### **Basis of consolidation prior to 1 January 2010**

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Authority.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 have not been restated.

##### 3.6 *Property, plant and equipment and depreciation*

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

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.

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

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 3.6 *Property, plant and equipment and depreciation (cont'd)*

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

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

No depreciation is provided on development work-in-progress.

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. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

##### 3.7 *Subsidiary*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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.

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 3.8 *Impairment of non-financial assets*

The Group assesses at the end of each reporting period 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 group 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. 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.

##### 3.9 *Financial assets*

###### **Initial recognition and measurement**

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 3.9 *Financial assets (cont'd)*

###### Subsequent measurement

###### *Loans and receivables*

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

###### De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. 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.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

##### 3.10 *Impairment of financial assets*

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

###### *Financial assets carried at amortised cost*

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

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

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 3.10 *Impairment of financial assets (cont'd)*

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

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

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

##### 3.11 *Cash and cash equivalents*

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

##### 3.12 *Financial liabilities*

###### **Initial recognition and measurement**

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

###### **Subsequent measurement**

###### *Financial liabilities at amortised cost*

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

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 3.12 *Financial liabilities (cont'd)*

###### Derecognition

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

##### 3.13 *Provisions*

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

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

##### 3.14 *Share capital*

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

##### 3.15 *Dividends*

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

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 3.16 *Income*

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

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

##### 3.17 *Grants*

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

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

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

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

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

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

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 3.18 Employee benefits

###### (i) Short-term employee benefits

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

###### (ii) Defined contribution plans

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

###### (iii) Employee leave entitlements

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

###### (iv) Defined benefit plans

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

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the defined benefit liability
- Remeasurements 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.

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.

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



Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 3.19 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT SB-FRS 104.

##### (i) 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.

##### (ii) Operating leases - lessor

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

##### 3.20 Contribution to Consolidated Fund

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

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

##### 3.21 Income tax

##### (a) Current tax

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

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

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 3.21 *Income tax*

###### (b) Deferred tax

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

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

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

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

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

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

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

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

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 3.22 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Authority if that person:
- (i) has control or joint control over the Authority;
  - (ii) has significant influence over the Authority; or
  - (iii) is a member of the key management personnel of the Group or Authority or of a parent of the Authority.
- (b) An entity is related to the Group and the Authority if any of the following conditions applies:
- (i) the entity and the Authority are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Authority or an entity related to the Authority. If the Authority is itself such a plan, the sponsoring employers are also related to the Authority;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

#### 4. SHARE CAPITAL

	<b>The Authority and the Group</b>			
	<b>FY13/14</b>		<b>FY12/13</b>	
	<b>No. of shares</b>	<b>\$</b>	<b>No. of shares</b>	<b>\$</b>
At beginning and end of the financial year	1,000	1,000	1,000	1,000

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

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 5. PROPERTY, PLANT AND EQUIPMENT

	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
	\$	\$	\$	\$	\$	\$	\$	\$
<b>The Authority &amp; Group</b>								
<b>Cost:</b>								
At 1 April 2012	185,085,046	3,688,407	19,776,729	5,436,306	42,257,351	7,154,395	2,419,327	265,817,561
Additions	-	29,231	118,122	8,537	610,859	790,894	1,005,233	2,562,876
Disposals	-	(11,201)	(820,568)	(39,129)	(976,266)	(1,047,186)	(2,741)	(2,897,091)
Transfers	163,100	-	171,600	2,675	1,114,570	154,035	(1,605,980)	-
<b>At 31 March 2013 and 1 April 2013</b>	<b>185,248,146</b>	<b>3,706,437</b>	<b>19,245,883</b>	<b>5,408,389</b>	<b>43,006,514</b>	<b>7,052,138</b>	<b>1,815,839</b>	<b>265,483,346</b>
Additions	-	-	282,589	39,828	1,060,335	365,029	4,215,643	5,963,424
Disposals	-	(5,628)	(97,062)	(36,947)	(2,109,969)	(335,041)	(142,329)	(2,726,976)
Transfers	-	-	-	-	192,203	145,331	(337,534)	-
<b>At 31 March 2014</b>	<b>185,248,146</b>	<b>3,700,809</b>	<b>19,431,410</b>	<b>5,411,270</b>	<b>42,149,083</b>	<b>7,227,457</b>	<b>5,551,619</b>	<b>268,719,794</b>
<b>Accumulated depreciation:</b>								
At 1 April 2012	75,763,072	1,326,892	15,708,361	4,706,630	28,214,780	5,321,500	-	131,041,235
Depreciation for the year	7,199,169	358,406	1,677,121	256,235	3,289,684	884,278	-	13,664,893
Disposals	-	(11,201)	(764,814)	(36,864)	(970,488)	(1,046,653)	-	(2,830,020)
<b>At 31 March 2013 and 1 April 2013</b>	<b>82,962,241</b>	<b>1,674,097</b>	<b>16,620,668</b>	<b>4,926,001</b>	<b>30,533,976</b>	<b>5,159,125</b>	<b>-</b>	<b>141,876,108</b>
Depreciation for the year	6,628,305	352,976	1,032,467	136,550	2,603,664	831,732	-	11,585,694
Disposals	-	(5,628)	(68,596)	(36,096)	(2,109,105)	(331,742)	-	(2,551,167)
<b>At 31 March 2014</b>	<b>89,590,546</b>	<b>2,021,445</b>	<b>17,584,539</b>	<b>5,026,455</b>	<b>31,028,535</b>	<b>5,659,115</b>	<b>-</b>	<b>150,910,635</b>
<b>Net book value:</b>								
<b>At 31 March 2014</b>	<b>95,657,600</b>	<b>1,679,364</b>	<b>1,846,871</b>	<b>384,815</b>	<b>11,120,548</b>	<b>1,568,342</b>	<b>5,551,619</b>	<b>117,809,159</b>
At 31 March 2013	102,285,905	2,032,340	2,625,215	482,388	12,472,538	1,893,013	1,815,839	123,607,238

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 6. SUBSIDIARY

	The Authority	
	FY13/14	FY12/13
	\$	\$
Unquoted equity shares, at cost	2	2

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

Name of company	Principal activity	Equity holding	
		FY13/14	FY12/13
		%	%
AgriFood Technologies Pte Ltd	Consultancy services	100	100

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

#### 7. TRADE AND OTHER RECEIVABLES

	The Authority		The Group	
	FY13/14	FY12/13	FY13/14	FY12/13
	\$	\$	\$	\$
Trade receivables	889,858	1,212,040	907,212	1,216,100
Less: Impairment loss	(25,838)	(26,530)	(25,838)	(26,530)
Net trade receivables	864,020	1,185,510	881,374	1,189,570
Other receivables	256,102	219,833	256,102	219,833
Total trade and other receivables	1,120,122	1,405,343	1,137,476	1,409,403
Add: Cash and cash equivalents (Note 8)	75,948,721	65,440,373	76,427,652	65,807,527
Total loans and receivables	77,068,843	66,845,716	77,565,128	67,216,930

Trade receivables are non-interest bearing and are generally on 30 days (FY12/13: 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 8. CASH AND CASH EQUIVALENTS

	The Authority		The Group	
	FY13/14	FY12/13	FY13/14	FY12/13
	\$	\$	\$	\$
Cash and bank balances	139,525	203,345	517,340	470,499
Fixed deposits with financial institutions	–	–	101,116	100,000
Cash with the Accountant-General's Department	75,809,196	65,237,028	75,809,196	65,237,028
	<u>75,948,721</u>	<u>65,440,373</u>	<u>76,427,652</u>	<u>65,807,527</u>

All Statutory Boards and Ministries are required to participate in the Centralised Liquidity Management ("CLM"), whereby the Accountant General's Department ("AGD") will centrally manage the cash of Statutory Boards and Ministries to achieve greater efficiency. The Authority participated in the CLM with effect from 3 December 2009. The average effective interest rate of the cash with the AGD as at 31 March 2014 was 0.62% (FY12/13: 0.59%) per annum.

#### 9. TRADE AND OTHER PAYABLES

	The Authority		The Group	
	FY13/14	FY12/13	FY13/14	FY12/13
	\$	\$	\$	\$
Trade payables	4,308,625	3,581,291	4,361,215	3,599,971
Other payables	35,436	35,436	35,436	35,436
Amount payable with respect to capital expenditure	252,715	218,355	252,715	218,355
Accrued operating expenses	7,479,962	5,458,404	7,479,962	5,458,404
Total trade and other payables	12,076,738	9,293,486	12,129,328	9,312,166
<i>Add:</i>				
Amount due to Government	–	108,797	–	108,797
Rental, security and other deposits	2,411,124	2,233,175	2,411,124	2,233,175
Total financial liabilities	<u>14,487,862</u>	<u>11,635,458</u>	<u>14,540,452</u>	<u>11,654,138</u>

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

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 10. CAPITAL AND OTHER GRANTS RECEIVED IN ADVANCE

	The Authority and the Group	
	FY13/14	FY12/13
	\$	\$
Balance at the beginning of the financial year	2,937,379	1,499,695
Received/receivable during the financial year	2,764,613	1,870,020
Transfer to Deferred capital grants (Note 12)	(3,749,031)	(412,031)
Transfer to statement of comprehensive income	(60,401)	(20,305)
Balance at the end of the financial year	<u>1,892,560</u>	<u>2,937,379</u>

During the year, the Authority received and paid \$1,642,739 to another government agency in relation to a development project.

#### 11. PENSION BENEFITS

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

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

	The Authority and the Group	
	FY13/14	FY12/13
	\$	\$
Current service cost	58,734	70,333
Interest cost on benefit obligation	184,712	265,942
	<u>243,446</u>	<u>336,275</u>

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

Balance at the beginning of the financial year	9,688,620	7,618,451
Interest cost	58,734	70,333
Current service cost	184,712	265,942
Actuarial loss on valuation	35,544	5,515,944
Payments during the financial year	(1,075,047)	(3,782,050)
Balance at the end of the financial year	<u>8,892,563</u>	<u>9,688,620</u>

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 11. PENSION BENEFITS (continued)

The provision for pension benefits is payable as follows:

	<b>The Authority and the Group</b>	
	<b>FY13/14</b>	<b>FY12/13</b>
	<b>\$</b>	<b>\$</b>
Within one year	2,554,347	2,083,158
After one year	6,338,216	7,605,462
	<u>8,892,563</u>	<u>9,688,620</u>

Provision for pension benefits is estimated by management based on the valuation of the pension scheme performed by an independent firm of professional actuaries.

The actuarial assumptions used in computing the pension benefits are:

- Discount rate : 1.5% (FY12/13: 0.6%) per annum
- Salary inflation : 2.0% per annum for all employees (FY12/13: 2.0% per annum all employees).
- Mortality rate : S0408 Singapore mortality table (FY12/13: S9702 Singapore mortality table)
- The retirement age is assumed to be 60 and the employee has completed at least 10 years of pensionable service.

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

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

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

The Authority expects to contribute \$257,248 (FY12/13: \$243,446) to the defined benefit pension plans in the financial year ending 31 March 2015.

The average duration of the defined benefit obligation at the end of the reporting period is 7 years (2012: 8 years).



Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 12. DEFERRED CAPITAL GRANTS

	The Authority and the Group	
	FY13/14	FY12/13
	\$	\$
<i>Government grants</i>		
Balance at beginning of the financial year	123,514,000	134,649,013
Transfer from capital grants (Note 10)	3,749,031	412,031
Transfer from operating grants (Note 16)	3,026,477	2,326,196
Reversal to capital grant received in advance	(639,000)	-
	<u>129,650,508</u>	<u>137,387,240</u>
Grants taken to statement of comprehensive income		
- to match depreciation	(11,551,619)	(13,630,818)
- to match disposals	(33,481)	(64,329)
- to match capital items expensed-off	(315,413)	(178,093)
	<u>(11,900,513)</u>	<u>(13,873,240)</u>
Balance at the end of the financial year	<u>117,749,995</u>	<u>123,514,000</u>

#### 13. MFRD FUND

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

The assets and liabilities of the fund are as follows:

	The Authority and the Group			
	FY13/14		FY12/13	
	S\$	US\$	S\$	US\$
<b>ACCUMULATED SURPLUS</b>	<u>282,434</u>	<u>224,592</u>	<u>301,260</u>	<u>242,932</u>
Represented by:				
<b>CURRENT ASSETS</b>				
Cash and bank balances	25,314	20,130	29,915	24,123
Fixed deposits	257,120	204,462	271,345	218,809
	<u>282,434</u>	<u>224,592</u>	<u>301,260</u>	<u>242,932</u>
Net current assets, representing net assets	<u>282,434</u>	<u>224,592</u>	<u>301,260</u>	<u>242,932</u>

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 13. MFRD FUND (continued)

The income and expenditure of the fund for the years ended 31 March 2014 and 2013 are as follows:

	<b>The Authority and the Group</b>			
	<b>FY13/14</b>		<b>FY12/13</b>	
	<b>S\$</b>	<b>US\$</b>	<b>S\$</b>	<b>US\$</b>
<b>INCOME</b>				
Interest from fixed deposits	774	616	809	652
Less:				
<b>EXPENDITURE</b>				
General and administrative expenses	19,602	15,587	59,849	48,261
	<u>(18,828)</u>	<u>(14,971)</u>	<u>(59,040)</u>	<u>(47,609)</u>

**Note:** For purpose of making references to financial statements of other departments of SEAFDEC, items in the income and expenditure and assets and liabilities had been translated to United States dollar ("US\$") at the exchange rate prevailing at balance sheet date of US\$1 = S\$1.2576 (31 March 2013: US\$1 = S\$1.2401).

#### 14. STAFF COSTS

	<b>The Authority</b>		<b>The Group</b>	
	<b>FY13/14</b>	<b>FY12/13</b>	<b>FY13/14</b>	<b>FY12/13</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Salaries, allowances and bonus	59,862,841	55,952,534	59,862,841	55,952,534
Central Provident Fund contributions	6,326,136	5,992,119	6,326,136	5,992,119
Pension benefits (Note 11)	243,446	336,275	243,446	336,275
Other staff costs	5,170,625	4,483,914	5,163,905	4,480,974
	<u>71,603,048</u>	<u>66,764,842</u>	<u>71,596,328</u>	<u>66,761,902</u>

	<b>The Authority and the Group</b>	
	<b>FY13/14</b>	<b>FY12/13</b>
	<b>\$</b>	<b>\$</b>
Staff costs include key management remuneration as follows:		
Short term employee benefits	4,188,357	4,125,589
Post-employment benefits	196,366	2,575,308
	<u>4,384,723</u>	<u>6,700,897</u>

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

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 15. GENERAL AND ADMINISTRATIVE EXPENSES

	The Authority		The Group	
	FY13/14	FY12/13	FY13/14	FY12/13
	\$	\$	\$	\$
Transport and travel	685,331	602,337	700,060	614,312
Office supplies	788,903	1,000,808	790,745	963,781
Laboratory supplies	2,436,992	2,726,007	2,436,992	2,726,007
Utilities	3,141,381	3,610,783	3,141,381	3,610,783
Rental - operating leases	5,382,962	4,158,870	5,388,502	4,177,402
Rental - others	45,515	58,433	45,515	58,433
Maintenance of office premises	5,789,728	4,814,963	5,789,728	4,814,963
Maintenance of information systems	7,498,309	7,056,496	7,498,309	7,056,496
Maintenance of office and laboratory equipment	1,777,874	1,705,090	1,777,874	1,705,090
Auditors' remuneration	73,000	70,000	75,000	71,800
Laboratory fees	4,339,648	4,191,981	4,339,648	4,191,981
Public education	970,404	1,428,738	970,404	1,428,738
Professional fees	178,074	419,986	253,301	463,157
Estate management fee	2,440,200	2,370,000	2,440,200	2,370,000
Board honorarium	108,381	107,089	125,261	129,599
Goods and services tax	2,886,782	2,738,036	2,886,782	2,738,036
Security services	1,588,566	1,225,255	1,588,566	1,225,255
HPAI expenditure	499,505	287,842	499,505	287,842
Property tax	1,445,100	1,445,100	1,445,100	1,445,100
Food fund	4,803,349	2,591,420	4,803,349	2,591,420
Payment to international organisations	4,367,976	249,348	4,367,976	249,348
Property, plant and equipment written off	142,329	2,741	142,329	2,741
Other operating expenses	5,884,954	5,234,390	5,899,876	5,245,430
	<b>57,275,263</b>	<b>48,095,713</b>	<b>57,406,403</b>	<b>48,167,714</b>

#### 16. OPERATING GRANTS

	The Authority and the Group	
	FY13/14	FY12/13
	\$	\$
Received/receivable during the financial year	102,287,532	81,391,427
Transfer to deferred capital grants (Note 12)	(3,026,477)	(2,326,196)
Transfer to statement of comprehensive income	<b>99,261,055</b>	<b>79,065,231</b>

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 17. TOTAL GOVERNMENT GRANTS

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

	The Authority and the Group	
	FY13/14	FY12/13
	\$	\$
Capital grants	288,081,427	283,611,351
Operating grants	923,967,830	821,680,298
	<u>1,212,049,257</u>	<u>1,105,291,649</u>

#### 18. CONTRIBUTION TO CONSOLIDATED FUND

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

#### 19. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 March 2014 and 2013 are:

	The Group	
	FY13/14	FY12/13
	\$	\$
Current income tax expense	<u>4,467</u>	<u>115</u>

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2014 and 2013 are as follows:

Surplus/(deficit) before contribution to Consolidated Fund and taxation	6,928,258	(283,388)
Less: The Authority's surplus/(deficit) before contribution to Consolidated Fund and income tax expense	<u>6,837,612</u>	<u>(286,083)</u>
The subsidiary's surplus before income tax expense	<u>90,646</u>	<u>2,695</u>
Income tax at statutory rate of 17% (FY12/13: 17%)	15,410	458
Singapore statutory stepped income exemption and Tax rebate	(10,313)	(343)
Overprovision of income tax expense in respect of prior years	(630)	-
	<u>4,467</u>	<u>115</u>

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 20. DIVIDEND

In accordance with the Capital Management Framework for Statutory Board, the Authority declared and paid a dividend of \$nil for the financial year ended 31 March 2014 (FY12/13: \$2,724,000).

#### 21. CAPITAL COMMITMENT

Capital expenditure contracted during the financial year but not provided for in the financial statements amounted to \$85,442 (FY12/13: \$550,649) at the end of the reporting period.

#### 22. OPERATING LEASE COMMITMENTS

##### *As lessee*

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

	The Authority and the Group	
	FY13/14	FY12/13
	\$	\$
Not later than one financial year	5,259,863	5,374,448
Later than one financial year but not later than five financial years	199,564	6,208,303
	<u>5,459,427</u>	<u>11,582,751</u>

The leases for office premises which were contracted with rent payable will expire from 31 May 2014 to 31 December 2015.

##### *As lessor*

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

	The Authority and the Group	
	FY13/14	FY12/13
	\$	\$
Not later than one financial year	4,413,471	4,817,972
Later than one financial year but not later than five financial years	2,156,922	3,693,157
	<u>6,570,393</u>	<u>8,511,129</u>

The leases on the premises of the Authority's Fishery Ports which were contracted with rent receivable will expire from 14 April 2014 to 21 March 2017.

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

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

	FY13/14	FY12/13
	\$	\$
Expenditure paid to:		
Ministry of National Development	3,297,856	2,245,401
Health Sciences Authority	4,294,591	4,149,508
Subsidiary	6,720	45,640
Grants/Income received from:		
Ministry of National Development	105,717,524	83,285,476
Subsidiary	44,470	18,757
Amount due to:		
Ministry of National Development	-	78,647
Health Sciences Authority	331,093	30,585
Amount due from:		
Ministry of National Development	1,358,827	3,624,137
Subsidiary	8,427	-

#### 24. FINANCIAL RISK MANAGEMENT

The Authority and Group's activities are exposed to market risk (including currency risk, interest rate risk, credit risk and liquidity risk). The Authority and Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Authority and Group's financial performance.

##### (a) **Currency risk**

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

##### (b) **Interest rate risk**

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

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

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 24. FINANCIAL RISK MANAGEMENT (continued)

##### (c) Credit risk

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

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

	The Authority		The Group	
	FY13/14	FY12/13	FY13/14	FY12/13
	\$	\$	\$	\$
Trade receivables	889,858	1,212,040	907,212	1,216,100
Other receivables	256,102	219,833	256,102	219,833
Total	1,145,960	1,431,873	1,163,314	1,435,933

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

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

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

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

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

	The Authority		The Group	
	FY13/14	FY12/13	FY13/14	FY12/13
	\$	\$	\$	\$
≤ 90 days	122,050	85,593	123,550	85,593
> 90 days	24,288	26,530	24,708	30,590

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

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

	The Authority and the Group	
	FY13/14	FY12/13
	\$	\$
Balance at beginning of the financial year	26,530	23,755
Amount charged for the year	24,809	23,280
Amount written off	(4,625)	(1,806)
Amount written back	(20,876)	(18,699)
Balance at end of the financial year (Note 7)	25,838	26,530

Agri-Food and Veterinary Authority and its subsidiary

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2014

#### 24. FINANCIAL RISK MANAGEMENT (continued)

##### (d) Liquidity risk

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

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

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

	≤ 1 year	
	FY13/14	FY12/13
	\$	\$
<b>THE AUTHORITY</b>		
Trade and other payables	12,076,738	9,293,486
Amount due to Government	-	108,797
Rental, security and other deposits	2,411,124	2,233,175
	14,487,862	11,635,458
<b>THE GROUP</b>		
Trade and other payables	12,129,328	9,312,166
Amount due to Government	-	108,797
Rental, security and other deposits	2,411,124	2,233,175
	14,540,452	11,654,138

#### 25. CAPITAL MANAGEMENT

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

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

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

#### 26. FINANCIAL INSTRUMENTS

##### Fair values

The carrying amount of financial assets and liabilities in the financial statements with a maturity of less than one year is assumed to approximate their fair values.

#### 27. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of the Authority and its subsidiary for the year ended 31 March 2014 were authorised for issue by the Board Members of the Authority on 25 June 2014.