

Financial Report

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Five-Year Financial Summary

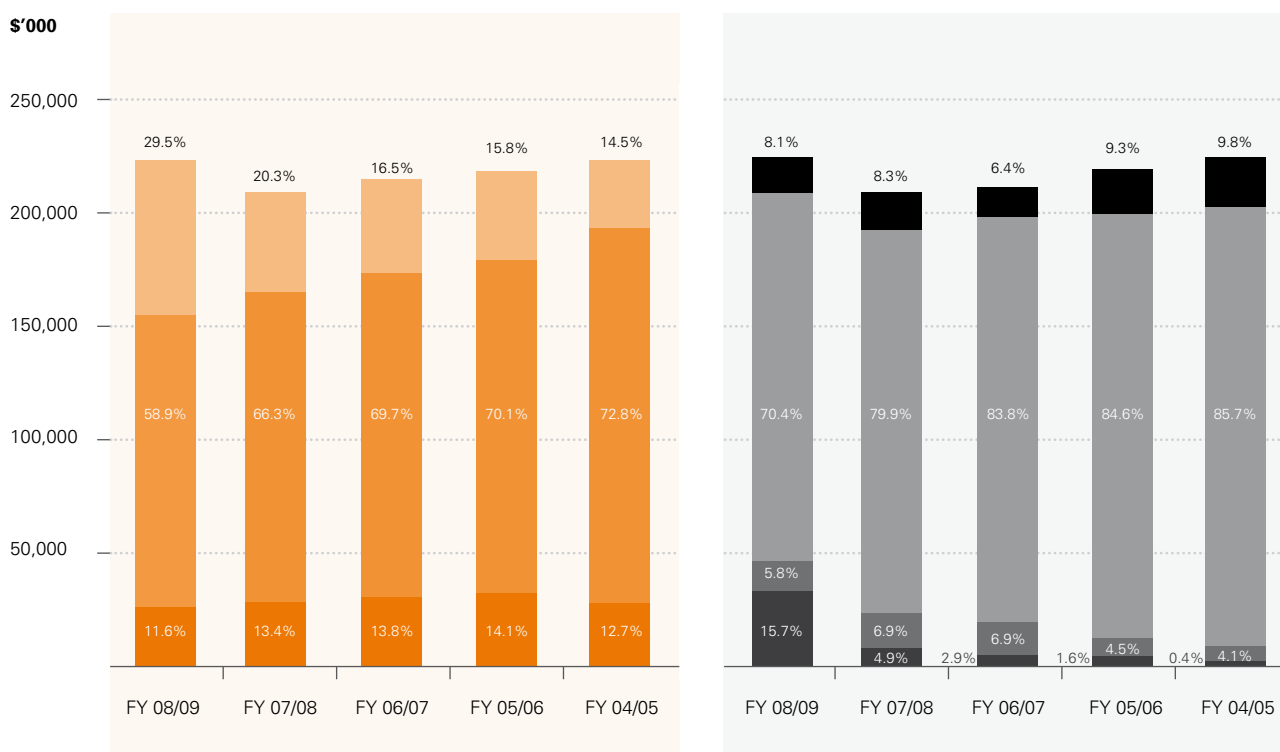
	FY 08/09 \$'000	FY 07/08 \$'000	FY 06/07 \$'000	FY 05/06 \$'000	FY 04/05 \$'000
INCOME AND EXPENDITURE					
Income	35,981	34,287	32,508	29,391	27,850
Grant	98,168	81,521	77,350	75,934	66,835
Total income	134,149	115,808	109,858	105,325	94,685
Expenditure	103,106	110,752	106,669	102,163	93,047
Surplus before contribution to Consolidated Fund/taxation	31,043	5,056	3,189	3,162	1,638
Contribution to Consolidated Fund Taxation	(5,579) (4)	(898) (5)	(628) (6)	(615) (6)	(332) –
Surplus after contribution to Consolidated Fund/taxation	25,460	4,153	2,555	2,541	1,306
BALANCE SHEET					
Plant and equipment	25,844	27,965	28,809	30,975	28,476
Leasehold land and buildings	131,210	137,725	146,145	154,079	163,152
Current assets	65,759	42,163	34,633	34,708	32,520
Total assets	222,813	207,853	209,587	219,762	224,148
Capital and reserves	34,924	10,191	6,038	3,484	943
Provision for pension benefits	12,969	14,307	14,418	9,841	9,296
Deferred capital grant & long-term borrowing	156,813	165,983	175,683	186,031	191,978
Other current liabilities	18,107	17,372	13,448	20,406	21,931
Total capital, reserves and liabilities	222,813	207,853	209,587	219,762	224,148

Financial Position

At 31 March 2009, the Group's total assets increased by \$14.9 million to \$222.8 million (31 March 2008: \$207.9 million). Property, plant and equipment which stood at \$157.1 million accounted for 70.5% of the total assets (31 March 2008: 79.7%).

Capital, reserves and liabilities of the Group at 31 March 2009 totalled \$222.8 million (31 March 2008: \$207.9 million). Of the \$222.8 million, the deferred capital grant and long-term borrowing stood at \$156.8 million while other current liabilities totalled \$18.1 million. Provision for pension benefits accounted for \$13.0 million, while capital and reserves totalled \$34.9 million.

FINANCIAL POSITION



Total Asset

- Plant and equipment
- Leasehold land and buildings
- Current assets

Capital, Reserves and Liabilities

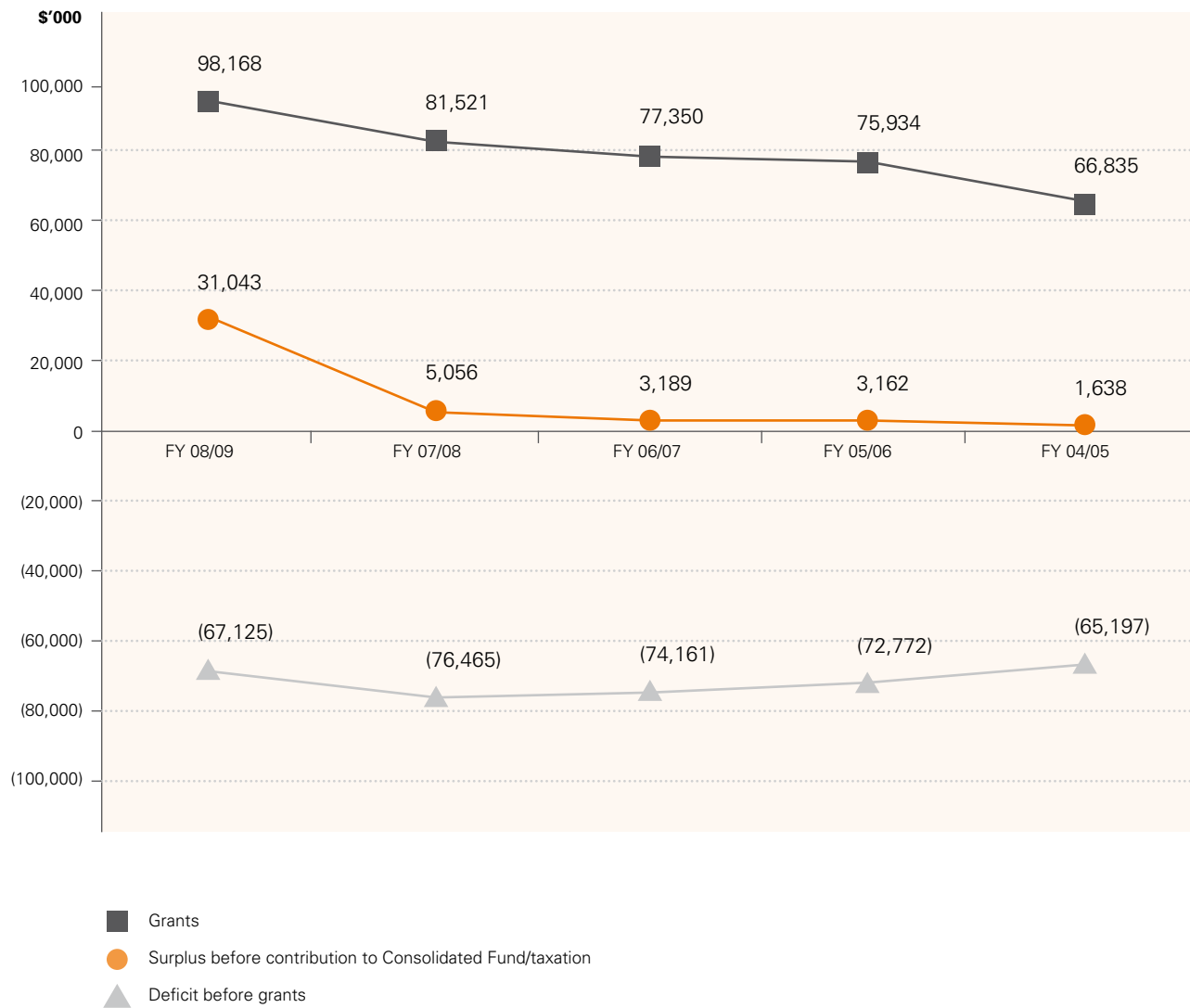
- Capital and reserves
- Provision for pension benefits
- Deferred capital grant & long-term borrowing
- Other current liabilities

Financial Review

FINANCIAL RESULTS

The Group achieved a net surplus of \$25.5 million for the financial year ended 31 March 2009, after provision for contribution to Consolidated Fund/taxation of \$5.6 million, as compared to a net surplus of \$4.2 million for the financial year ended 31 March 2008.

SURPLUS BEFORE CONTRIBUTION TO CONSOLIDATED FUND/TAXATION



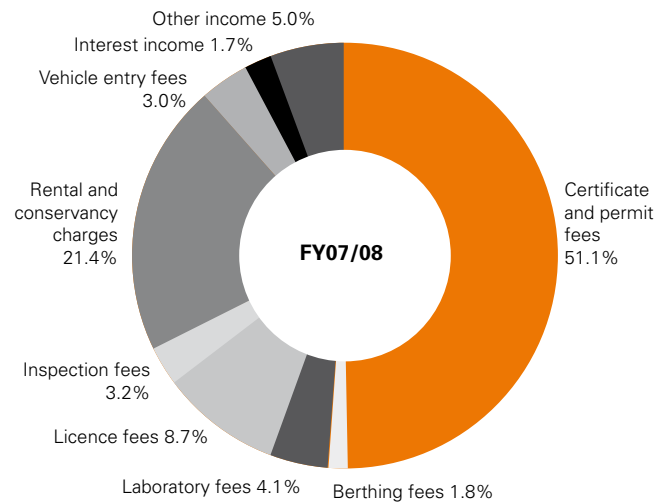
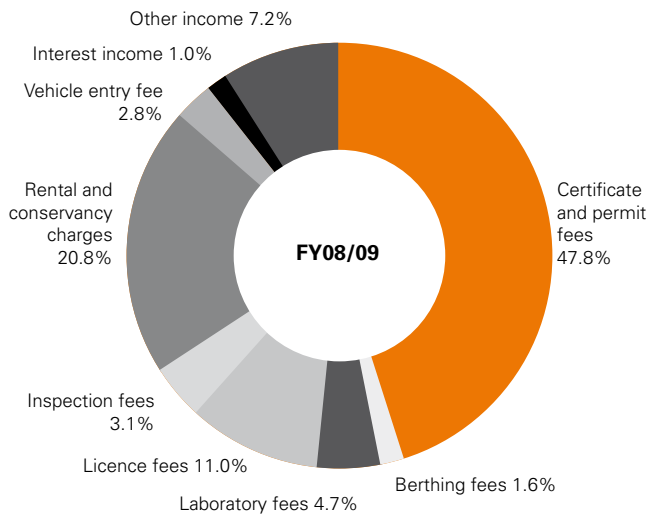
INCOME

The Group's income comprised mainly certificate and permit fees from regulatory functions (47.8%) and rental income from the fishery ports (20.8%).

Income increased from \$34.3 million in FY07/08 to \$36.0 million in FY08/09 due mainly to increase in revenue collection from licence fees and other income.

Income	FY 08/09	FY 07/08	Increase/(Decrease)	
	\$'000	\$'000	\$'000	%
Certificate and permit fees	17,196	17,508	(312)	(1.8%)
Berthing fees	594	613	(19)	(3.1%)
Laboratory fees	1,677	1,418	259	18.3%
Licence fees	3,961	2,970	991	33.4%
Inspection fees	1,125	1,109	16	1.4%
Rental and conservancy charges	7,481	7,355	126	1.7%
Vehicle entry fees	1,020	1,020	–	–
Interest income	346	591	(245)	(41.5%)
Other income	2,581	1,703	878	51.6%
Total	35,981	34,287	1,694	4.9%

INCOME

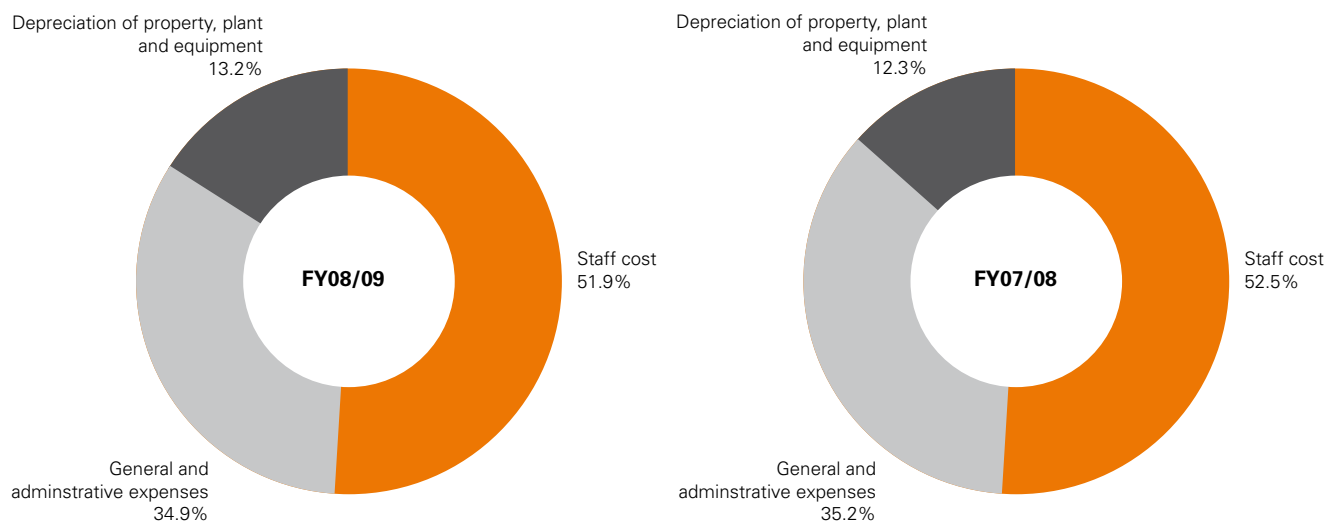


EXPENDITURE

The Group's expenditure decreased by \$7.7 million (6.9%) for the financial year ended 31 March 2009. The decrease was attributed mainly to a lower bonus payout declared by the Government in view of the weak economic outlook and a substantial reduction in research and development expenditure as most of the projects were completed in FY07.

Expenditure	FY 08/09	FY 07/08	Increase/(Decrease)	
	\$'000	\$'000	\$'000	%
Staff cost	53,500	58,142	(4,642)	(8.0%)
General and administrative expenses	35,987	38,972	(2,985)	(7.7%)
Depreciation of property, plant and equipment	13,619	13,638	(19)	(0.1%)
Total	103,106	110,752	(7,646)	(6.9%)

EXPENDITURE



CAPITAL EXPENDITURE

The Group's total capital expenditure for the year was \$5.3 million, representing an increase of \$0.9 million (19.1%) over the last financial year. Of the \$5.3 million, \$2.2 million was spent on development projects while the remaining \$3.1 million was for the purchase of equipment.

Statement by the Board

FOR THE YEAR ENDED 31 MARCH 2009

In our opinion, the accompanying balance sheets, income and expenditure statements, statements of changes in equity of the Agri-Food and Veterinary Authority ("the Authority") and the Group and the cash flow statement of the Group together with the summary of significant accounting policies and other explanatory notes thereto as set out on pages 114 to 139 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 2009, 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



Ms Tan Poh Hong
Chief Executive Officer

3 July 2009

Independent Auditor's Report To The Agri-Food And Veterinary Authority

We have audited the accompanying financial statements of Agri-Food and Veterinary Authority ("the Authority") and the consolidated financial statements of the Authority and its subsidiary ("the Group"), which comprise the balance sheets as at 31 March 2009, income and expenditure statements, statements of changes in equity of the Authority and the Group and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income and expenditure statements and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 controls relevant to the entity's preparation and fair presentation 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 entity's internal controls. 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.

Independent Auditor's Report To The Agri-Food And Veterinary Authority

Opinion

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the Act and the Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Authority and of the Group as at 31 March 2009 and the results and changes in equity of the Authority and the Group and cashflows of the Group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Authority and its subsidiary have been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing came to our notice that caused us to believe that the receipts, expenditure and investment of monies and the acquisition and disposal of assets by the Authority during the financial year have not been made in accordance with the provisions of the Act.



Foo Kon Tan Grant Thornton

Public Accountants and
Certified Public Accountants

Singapore, 3 July 2009

Balance Sheets

AS AT 31 MARCH 2009

		<i>The Authority</i>		<i>The Group</i>	
Notes	FY08/09	FY07/08	FY08/09	FY07/08	
	\$	\$	\$	\$	
CAPITAL AND RESERVES					
Share capital	4	1,000	–	1,000	–
Accumulated surplus		34,689,783	10,001,384	34,923,340	10,191,429
		34,690,783	10,001,384	34,924,340	10,191,429
Represented by:					
NON-CURRENT ASSETS					
Property, plant and equipment	5	157,054,521	165,690,258	157,054,521	165,690,258
Subsidiary	6	2	2	–	–
		157,054,523	165,690,260	157,054,521	165,690,258
CURRENT ASSETS					
Prepayments		974,349	1,018,446	974,349	1,018,446
Trade and other receivables	7	917,890	523,588	932,587	601,396
Operating grant receivable from Government		15,334,486	–	15,334,486	–
Cash and cash equivalents	8	48,285,139	40,400,504	48,517,719	40,542,563
		65,511,864	41,942,538	65,759,141	42,162,405
Less:					
CURRENT LIABILITIES					
Trade and other payables	9	7,329,366	10,745,025	7,337,936	10,769,229
Amount due to Government		–	116,085	–	116,085
Rental, security and other deposits		2,129,990	2,009,293	2,129,990	2,009,293
Capital and other grants received in advance	10	476,702	1,625,702	476,702	1,625,702
Deferred income		2,578,377	1,947,528	2,578,377	1,947,528
Provision for pension benefits	11	5,339,189	5,564,526	5,339,189	5,564,526
Provision for contribution to Consolidated Fund		5,579,209	898,021	5,579,209	898,021
Provision for taxation		–	–	5,148	5,616
		23,432,833	22,906,180	23,446,551	22,936,000
NET CURRENT ASSETS		42,079,031	19,036,358	42,312,590	19,226,405
Less:					
NON-CURRENT LIABILITIES					
Provision for pension benefits	11	7,629,665	8,742,761	7,629,665	8,742,761
Deferred capital grants	12	156,813,106	165,424,667	156,813,106	165,424,667
Long-term borrowing	13	–	557,806	–	557,806
		164,442,771	174,725,234	164,442,771	174,725,234
		34,690,783	10,001,384	34,924,340	10,191,429

The accompanying notes form part of these financial statements.

Income And Expenditure Statements

FOR THE YEAR ENDED 31 MARCH 2009

	Notes	The Authority		The Group	
		FY08/09 \$	FY07/08 \$	FY08/09 \$	FY07/08 \$
INCOME					
Certificate and permit fees		17,195,633	17,508,136	17,195,633	17,508,136
Berthing fees		593,926	613,228	593,926	613,228
Laboratory fees		1,677,245	1,418,322	1,676,983	1,418,322
Licence fees		3,960,939	2,969,648	3,960,855	2,969,564
Inspection fees		1,187,475	1,162,099	1,125,515	1,109,169
Rental and conservancy charges		7,481,099	7,354,880	7,481,099	7,354,880
Vehicle entry fees		1,020,589	1,020,000	1,020,589	1,020,000
Interest income		346,060	590,504	346,060	590,536
Other income		2,383,424	1,502,592	2,580,748	1,702,913
		35,846,390	34,139,409	35,981,408	34,286,748
Less:					
EXPENDITURE					
Staff costs	14	53,503,267	58,142,601	53,500,067	58,142,601
General and administrative expenses	15	35,837,043	38,851,941	35,928,121	38,931,875
Depreciation of property, plant and equipment	5	13,619,186	13,637,675	13,619,186	13,637,675
Loss on disposal of property, plant and equipment		59,401	39,775	59,401	39,775
		103,018,897	110,671,992	103,106,775	110,751,926
DEFICIT BEFORE GRANTS		(67,172,507)	(76,532,583)	(67,125,367)	(76,465,178)
GRANTS					
Operating grants	16	84,245,968	63,296,698	84,245,968	63,296,698
Transfer from capital and other grants	10	43,046	4,579,051	43,046	4,579,051
Transfer from deferred capital grants	12	13,879,101	13,645,840	13,879,101	13,645,840
		98,168,115	81,521,589	98,168,115	81,521,589
SURPLUS BEFORE CONTRIBUTION TO CONSOLIDATED FUND AND TAXATION		30,995,608	4,989,006	31,042,748	5,056,411
CONTRIBUTION TO CONSOLIDATED FUND	18	(5,579,209)	(898,021)	(5,579,209)	(898,021)
INCOME TAX EXPENSE	19	-	-	(3,628)	(5,415)
SURPLUS FOR THE YEAR		25,416,399	4,090,985	25,459,911	4,152,975

The accompanying notes form part of these financial statements.

Statements Of Changes In Equity

FOR THE YEAR ENDED 31 MARCH 2009

	Note	Share Capital \$	Accumulated Surplus \$	Total \$
<i>The Authority</i>				
Balance at 1 April 2007		–	5,910,399	5,910,399
Net surplus for the year		–	4,090,985	4,090,985
<hr/>				
Balance as at 31 March 2008		–	10,001,384	10,001,384
Issue of shares	4	1,000	–	1,000
Recognised surplus for the year		–	25,416,399	25,416,399
Payment of dividends	20	–	(728,000)	(728,000)
<hr/>				
Balance at 31 March 2009		1,000	34,689,783	34,690,783
<hr/>				
<i>The Group</i>				
Balance at 1 April 2007		–	6,038,454	6,038,454
Net surplus for the year		–	4,152,975	4,152,975
<hr/>				
Balance as at 31 March 2008		–	10,191,429	10,191,429
Issue of shares	4	1,000	–	1,000
Recognised surplus for the year		–	25,459,911	25,459,911
Payment of dividends	20	–	(728,000)	(728,000)
<hr/>				
Balance at 31 March 2009		1,000	34,923,340	34,924,340
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The accompanying notes form part of these financial statements.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2009

	FY08/09 \$	FY07/08 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit before grants	(67,125,367)	(76,465,178)
Adjustments for:		
Depreciation of property, plant and equipment	13,619,186	13,637,675
Loss on disposal of property, plant and equipment	59,401	39,775
Property, plant and equipment write-off	115,019	1,370
Interest income	(346,060)	(590,536)
Provision/(writeback of allowance) for impairment of trade receivables	2,332	(9,662)
Provision for pension benefits	1,350,500	1,602,500
Operating deficit before working capital changes	(52,324,989)	(61,784,056)
Changes in working capital excluding cash and cash equivalents:		
Trade and other receivables	(15,638,656)	69,213
Prepayments	44,097	(151,014)
Trade and other payables	(3,369,365)	2,026,711
Amount due to Government	(116,085)	(14,817)
Rental, security and other deposits	120,697	239,404
Deferred income	630,849	673,028
	(70,653,452)	(58,941,531)
Payment of contribution to Consolidated Fund	(898,021)	(628,177)
Payment of pension benefits	(2,688,933)	(1,713,213)
Payment of income tax	(4,096)	(11,571)
Net cash used in operating activities	(74,244,502)	(61,294,492)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (Note A)	(5,340,087)	(4,406,316)
Proceeds from disposal of property, plant and equipment	120,290	15,468
Increase in short term fixed deposit	(10,277,815)	(6,556,371)
Interest income received	316,707	621,973
Net cash used in investing activities	(15,180,905)	(10,325,246)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term borrowing	(557,806)	(468,609)
Proceeds from issue of shares	1,000	-
Dividends paid	(728,000)	-
Government grants received	88,407,554	73,001,608
Cash generated from financing activities	87,122,748	72,532,999
Net (decrease)/increase in cash and cash equivalents	(2,302,659)	913,261
Cash and cash equivalents at beginning of year	13,928,410	13,015,149
Cash and cash equivalents at end of year (Note 8)	11,625,751	13,928,410

Note A:

During the financial year, the group acquired property, plant and equipment with an aggregate cost of \$5,278,159 (FY07/08 - \$4,430,271) of which \$1,776 (FY07/08 - \$63,704) is yet to be paid as at the end of the financial year. Cash payments of \$5,340,087 (FY07/08 - \$4,406,316) were made to purchase property, plant and equipment.

The accompanying notes form part of these financial statements.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

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 (MOF).

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

The financial statements of the Authority and its subsidiary for the year ended 31 March 2009 were authorised for issue by the Board Members of the Authority on 3 July 2009.

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

(a) 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 convention, except as disclosed in the accounting policies below.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with SB-FRS requires the use of judgement, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

3 SIGNIFICANT ACCOUNTING POLICIES – (continued)

(a) Basis of preparation – (continued)

The critical accounting estimates and assumptions used and areas involving a high degree of judgements 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 2009 is \$157,054,521. 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 defined retirement benefits obligations due to pensionable officers are 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 provision for pension liability is estimated by management based on the valuation of the pension scheme as at 31 December 2006 performed by an independent firm of professional actuaries. Changes in the actuarial assumptions used in computing the pension benefits could result in a revision of the provision for the financial year.

(b) Interpretation and amendments to published standards effective in 2008

During the year under review, the Authority and the Group adopted the following relevant new or revised SB-FRSs and Interpretations to SB-FRS ("INT SB-FRS") which are applicable in the current financial year.

SB-FRS 1 (revised)	Presentation of Financial Statements
SB-FRS 17 (revised)	Leases
SB-FRS 32 (revised)	Financial Instruments: Presentation
SB-FRS 39 (revised)	Financial Instruments: Recognition and Measurement
SB-FRS107 (revised)	Financial Instruments: Disclosures
INT SB-FRS 29 (revised)	Disclosure – Service Concession Arrangements
INT SB-FRS 104 (revised)	Determining whether an Arrangement contains a Lease
INT SB-FRS 114 (revised)	SB-FRS 19-The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction
INT SB-FRS 112 (revised)	Service Concession Arrangements

The adoption of the new/revised SB-FRSs has no significant impact on the Authority and the Group other than those disclosed in the financial statements, except as follows:

SB-FRS 107 introduces new disclosures to improve the information about the financial instruments. It requires the disclosure of qualitative and quantitative information about exposure of risks arising from financial instruments, including minimum disclosures about credit risk, liquidity risk and market risk (including sensitivity analysis to market risk). It replaces the disclosure requirements in SB-FRS 32 – Financial Instruments: Disclosure and Presentation. The amendment to SB-FRS 1 introduces disclosures about the level of an entity's capital and how it manages capital.

The Authority has assessed the impact of SB-FRS 107 and the amendments to SB-FRS 1 and concluded that the main additional disclosures will be the interest rate risks disclosures, credit risks disclosures and sensitively analysis to interest rate risk required by SB-FRS 107, as well as the capital management disclosures required by the amendment to SB-FRS 1. These are disclosed in Notes 24 and 25.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

3 SIGNIFICANT ACCOUNTING POLICIES – (continued)

(c) New SB-FRS and INT SB-FRS not 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 balance sheet 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.

		<i>Effective for annual periods beginning on or after</i>
SB-FRS 7 (revised)	Cashflow Statements	1 January 2009
SB-FRS 8 (revised)	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2009
SB-FRS 16 (revised)	Property, plant and Equipment	1 January 2009
SB-FRS 19 (revised)	Employee Benefits	1 January 2009
SB-FRS 23 (revised)	Borrowing Costs	1 January 2009
SB-FRS 27 (revised)	Consolidated and Separate Financial Statements	1 January 2009
SB-FRS 36 (revised)	Impairment of Assets	1 January 2009

(d) Consolidation

The financial statements of the Group include the financial statements of the Authority and its subsidiary made up to the end of the financial year. Details on the subsidiary are given in Note 6.

All inter-company balances and significant inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only.

(e) 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. Depreciation is computed utilising the straight-line method to write off the cost of these 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, electrical and micrographic equipment	8 - 10
Furniture and fittings	5 - 8
Laboratory tools and equipment	3 - 10

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

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

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.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income and expenditure statements.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

3 SIGNIFICANT ACCOUNTING POLICIES – (continued)

(f) *Subsidiary*

A subsidiary is defined as a company in which the Authority has a long-term equity interest of more than 50% and over whose financial and operating policy decisions the Group controls.

Shares in the subsidiary are stated at cost less allowance for any impairment losses in the Authority's balance sheet.

(g) *Impairment of non-financial assets*

The carrying amounts of the non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is defined as the higher of value in use or net-selling price.

Any impairment loss is charged to the income and expenditure statements.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss is credited as income in the income and expenditure statements.

(h) *Financial assets*

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by the Authority and the Group on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Authority and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial assets occurs when the rights to receive cash flows from the assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in the income and expenditure statements when received, regardless of how the related carrying amount of financial assets is measured.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

3 SIGNIFICANT ACCOUNTING POLICIES – (continued)

(h) Financial assets – (continued)

Loans and Receivables

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Authority and the Group provide money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in income statement. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment is reversed. Any reversal is recognised in the income statement.

An allowance for impairment of receivables is recognised when objective evidence is received that the Authority and the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Receivables are included in trade and other receivables at the balance sheet date.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits with banks.

(j) 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.

(k) 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.

(l) Financial liabilities

The financial liabilities include trade and other payables, rental, security and other deposits received as reflected in the balance sheet.

Financial liabilities are recognised when the Authority and the Group become parties to the contractual agreements of the instrument. All interest related charges, if any, are recognised as expense in the income and expenditure statements. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

3 SIGNIFICANT ACCOUNTING POLICIES – (continued)

(m) 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.

(n) 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 income and expenditure statements 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 balance sheet date.

(iv) Defined benefits plans

The Authority operates an unfunded 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 balance sheet 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.

(o) Income recognition

Certificate and permit fees are recognised as income when certificate or permits are issued.

Licence fees are recognised as income on time proportion basis.

Income from the rendering of services which comprises berthing fees, laboratory fees and inspection fees, is recognised when the service is rendered.

Rental and conservancy charges and vehicle entry fees are recognised as income on a straight-line basis over the period of the lease.

Interest income is recognised on a time proportion basis using the effective interest method.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

3 SIGNIFICANT ACCOUNTING POLICIES – (continued)

(o) *Income recognition – (continued)*

Other income comprises mainly fines which are accounted for when received.

Deferred income relates to annual licence fees received in advance from licensees and is recognised in the income and expenditure statements over the remaining period of the licences.

(p) *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 income and expenditure statements 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 income and expenditure statements 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 and Other 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.

(q) *Leases*

(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 income and expenditure statements 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.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

3 SIGNIFICANT ACCOUNTING POLICIES – (continued)

(r) 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.

(s) Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management objectives and policies are provided in Note 24.

(t) 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 this is accounted for on an accrual basis.

(u) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax of the subsidiary.

The liability method of tax effect accounting is adopted by the subsidiary. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial year that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred income tax is provided on all temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

4 SHARE CAPITAL

The Authority and the Group

	No. of shares		Amount	
	FY08/09	FY07/08	FY08/09 \$	FY07/08 \$
Balance at beginning of the financial year	-	-	-	-
Issue of shares	1,000	-	1,000	-
Balance at end of the financial year	1,000	-	1,000	-

In November 2008, the Ministry of Finance ("MOF") implemented the Capital Management Framework which aims to sensitise Statutory Boards on 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 at S\$1.00 per share. The shares carry neither voting rights nor par value.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

5 PROPERTY, PLANT AND EQUIPMENT

The Authority

	<i>Leasehold land and buildings</i>	<i>Motor vehicles and vessels</i>	<i>Mechanical, electrical and micrographic equipment</i>	<i>Furniture and fittings</i>	<i>Laboratory tools and equipment</i>	<i>Development work-in- progress</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$
Cost							
At 1 April 2007	185,511,556	2,771,819	19,707,998	6,189,866	33,333,203	891,968	248,406,410
Additions	324,397	1,006,295	89,656	126,644	2,568,268	315,011	4,430,271
Disposals	–	(464,709)	(33,038)	(98,207)	(427,088)	(1,370)	(1,024,412)
Transfers	(735,519)	–	10,479	(15,370)	914,521	(174,111)	–
At 31 March 2008	185,100,434	3,313,405	19,775,095	6,202,933	36,388,904	1,031,498	251,812,269
Additions	–	368,193	161,708	149,521	2,447,592	2,151,145	5,278,159
Disposals	–	(521,300)	(305,788)	(807,423)	(2,687,544)	(105,489)	(4,427,544)
Transfers	1,014,639	–	–	5,179	256,976	(1,276,794)	–
At 31 March 2009	186,115,073	3,160,298	19,631,015	5,550,210	36,405,928	1,800,360	252,662,884
Accumulated depreciation							
At 1 April 2007	40,258,080	1,749,271	7,371,496	4,290,090	19,783,198	–	73,452,135
Depreciation for the year	7,117,739	228,011	1,937,659	519,727	3,834,539	–	13,637,675
Disposals	–	(424,527)	(30,765)	(94,227)	(418,280)	–	(967,799)
At 31 March 2008	47,375,819	1,552,755	9,278,390	4,715,590	23,199,457	–	86,122,011
Depreciation for the year	7,529,007	279,415	1,895,862	457,893	3,457,009	–	13,619,186
Disposals	–	(474,857)	(305,788)	(787,723)	(2,564,466)	–	(4,132,834)
At 31 March 2009	54,904,826	1,357,313	10,868,464	4,385,760	24,092,000	–	95,608,363
Net book value							
At 31 March 2009	131,210,247	1,802,985	8,762,551	1,164,450	12,313,928	1,800,360	157,054,521
At 31 March 2008	137,724,615	1,760,650	10,496,705	1,487,343	13,189,447	1,031,498	165,690,258

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

5 PROPERTY, PLANT AND EQUIPMENT – (continued)

The Group

	<i>Leasehold land and buildings</i>	<i>Motor vehicles and vessels</i>	<i>Mechanical, electrical and micrographic equipment</i>	<i>Furniture and fittings</i>	<i>Laboratory tools and equipment</i>	<i>Development work-in- progress</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$
Cost							
At 1 April 2007	185,511,556	2,771,819	19,707,998	6,189,866	33,338,008	891,968	248,411,215
Additions	324,397	1,006,295	89,656	126,644	2,568,268	315,011	4,430,271
Disposals	–	(464,709)	(33,038)	(98,207)	(427,088)	(1,370)	(1,024,412)
Transfers	(735,519)	–	10,479	(15,370)	914,521	(174,111)	–
At 31 March 2008	185,100,434	3,313,405	19,775,095	6,202,933	36,393,709	1,031,498	251,817,074
Additions	–	368,193	161,708	149,521	2,447,592	2,151,145	5,278,159
Disposals	–	(521,300)	(305,788)	(807,423)	(2,687,544)	(105,489)	(4,427,544)
Transfers	1,014,639	–	–	5,179	256,976	(1,276,794)	–
At 31 March 2009	186,115,073	3,160,298	19,631,015	5,550,210	36,410,733	1,800,360	252,667,689
Accumulated depreciation							
At 1 April 2007	40,258,080	1,749,271	7,371,496	4,290,090	19,788,003	–	73,456,940
Depreciation for the year	7,117,739	228,011	1,937,659	519,727	3,834,539	–	13,637,675
Disposals	–	(424,527)	(30,765)	(94,227)	(418,280)	–	(967,799)
At 31 March 2008	47,375,819	1,552,755	9,278,390	4,715,590	23,204,262	–	86,126,816
Depreciation for the year	7,529,007	279,415	1,895,862	457,893	3,457,009	–	13,619,186
Disposals	–	(474,857)	(305,788)	(787,723)	(2,564,466)	–	(4,132,834)
At 31 March 2009	54,904,826	1,357,313	10,868,464	4,385,760	24,096,805	–	95,613,168
Net book value							
At 31 March 2009	131,210,247	1,802,985	8,762,551	1,164,450	12,313,928	1,800,360	157,054,521
At 31 March 2008	137,724,615	1,760,650	10,496,705	1,487,343	13,189,447	1,031,498	165,690,258

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

6 SUBSIDIARY

<i>The Authority</i>	FY08/09 \$	FY07/08 \$
Unquoted equity investment, at cost	2	2

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

<u>Name of company</u>	<u>Principal activity</u>	<u>Equity holding</u>	
		FY08/09 %	FY07/08 %
Agrifood Technologies Pte Ltd	Consultancy services	100	100

The financial statements of the subsidiary are audited by UHY Lee Seng Chan & Co.

7 TRADE AND OTHER RECEIVABLES

	<i>The Authority</i>		<i>The Group</i>	
	FY08/09 \$	FY07/08 \$	FY08/09 \$	FY07/08 \$
Trade receivables	742,843	478,892	740,973	566,044
Less:				
Impairment for doubtful debts	(2,724)	(392)	(2,724)	(392)
Net trade receivables	740,119	478,500	738,249	565,652
Other receivables	177,771	45,088	194,338	35,744
	917,890	523,588	932,587	601,396

Included in trade receivables is an amount of \$22,430 (FY07/08 - \$16,677) due from subsidiary

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

8 CASH AND CASH EQUIVALENTS

	<i>The Authority</i>		<i>The Group</i>	
	FY08/09	FY07/08	FY08/09	FY07/08
	\$	\$	\$	\$
Cash and bank balances	11,393,171	13,786,351	11,625,751	13,928,410
Fixed deposits with financial institutions	36,891,968	26,614,153	36,891,968	26,614,153
	48,285,139	40,400,504	48,517,719	40,542,563

The fixed deposits with financial institutions mature on varying dates within 12 months (FY07/08: 12 months) from the financial year end. The weighted average effective interest rate of these deposits as at 31 March 2009 was 0.7% (FY07/08 – 1.3%) per annum.

For the purposes of the cash flow statement, the year-end cash and cash equivalents comprise the following:

<i>The Group</i>	FY08/09	FY07/08
	\$	\$
Cash and bank balances	11,625,751	13,928,410

9 TRADE AND OTHER PAYABLES

	<i>The Authority</i>		<i>The Group</i>	
	FY08/09	FY07/08	FY08/09	FY07/08
	\$	\$	\$	\$
Trade payables	2,997,931	5,746,572	3,002,000	5,765,819
Amount payable with respect to capital expenditure	1,776	63,704	1,776	63,704
Accrued operating expenses	4,329,659	4,934,749	4,334,160	4,939,706
	7,329,366	10,745,025	7,337,936	10,769,229

10 CAPITAL AND OTHER GRANTS RECEIVED IN ADVANCE

<i>The Authority and the Group</i>	FY08/09	FY07/08
	\$	\$
<u>Government Grants</u>		
Balance at the beginning of the financial year	1,625,702	913,764
Received during the financial year	857,651	5,642,755
Transfer to Deferred Capital Grants (Note 12)	(1,953,022)	(315,011)
Transfer to income and expenditure statements	(43,046)	(4,579,051)
Transfer to Operating Grants (Note 16)	–	(15,608)
Return of Grants	(10,583)	(21,147)
Balance at the end of the financial year	476,702	1,625,702

The transfer to income and expenditure statements during the financial year is for the purpose of matching expenditure incurred in relation to research and development funded from various Government agencies.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

11 PROVISION FOR PENSION BENEFITS

<i>The Authority and the Group</i>	FY08/09 \$	FY07/08 \$
Balance at the beginning of the financial year	14,307,287	14,418,000
Provision for the financial year (Note 14)	1,350,500	1,602,500
Payments during the financial year	(2,688,933)	(1,713,213)
Balance at the end of the financial year	12,968,854	14,307,287

The provision for pension benefits is payable as follows:

	FY08/09 \$	FY07/08 \$
Within one year	5,339,189	5,564,526
After one year	7,629,665	8,742,761
	12,968,854	14,307,287

The provision has been estimated by management based on the valuation of the pension scheme as at 31 December 2006 performed by an independent firm of professional actuaries.

The actuarial assumptions used in computing the pension benefits are:

- discount rate of 3% per annum, and
- salary inflation of 3% per annum for employees age 55 and below, and 0% for employees age above 55.

12 DEFERRED CAPITAL GRANTS

<i>The Authority and the Group</i>	FY08/09 \$	FY07/08 \$
<u>Government Grants</u>		
Balance at beginning of the financial year	165,424,667	174,656,586
Transfer from Capital and Other Grants (Note 10)	1,953,022	315,011
Transfer from Operating Grants (Note 16)	3,314,518	4,098,910
	170,692,207	179,070,507
Grants taken to income and expenditure statements		
- to match depreciation	(13,584,391)	(13,601,864)
- to match disposals	(189,221)	(55,244)
- to match (write-off)/write-back	(105,489)	11,268
	(13,879,101)	(13,645,840)
Balance at the end of the financial year	156,813,106	165,424,667

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

13 LONG-TERM BORROWING

The Authority was awarded a repayable grant not exceeding \$3.5 million from the Economic Development Board (EDB) to develop a commercial-scale hatchery on St. John's Island to demonstrate the feasibility of quality fries production to help expand the aquaculture industry in the region. The grant was unsecured and repayable from 2 January 2009. The grant was interest-free except for overdue payments that were subject to an interest of 3% per annum above the prevailing Monetary Authority of Singapore prime rate on the overdue amount. The Authority had drawn down a total of \$1,026,415 and had returned \$557,806 and \$468,609 on 30 December 2008 and 12 September 2007 respectively.

14 STAFF COSTS

	<i>The Authority</i>		<i>The Group</i>	
	FY08/09	FY07/08	FY08/09	FY07/08
	\$	\$	\$	\$
Salaries, allowances and bonus	44,902,931	48,891,473	44,902,931	48,891,473
Central Provident Fund contributions	3,985,398	4,267,526	3,985,398	4,267,526
Provision for pension benefits (Note 11)	1,350,500	1,602,500	1,350,500	1,602,500
Other staff costs	3,264,438	3,338,150	3,261,238	3,338,150
Termination benefits	–	42,952	–	42,952
	53,503,267	58,142,601	53,500,067	58,142,601

	FY08/09	FY07/08
	\$	\$

Included in staff costs is key management remuneration as follows:

Short term employee benefits	1,548,480	1,790,173
Post-employment benefits	399,059	520,977
	1,947,539	2,311,150

Key management refers to employees designated as Directors and above who have the authority and responsibility for planning, directing and controlling the activities of the Authority.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

15 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>The Authority</i>		<i>The Group</i>	
	FY08/09	FY07/08	FY08/09	FY07/08
	\$	\$	\$	\$
Transport and travel	627,343	608,098	631,196	613,750
Office, computer and laboratory supplies	6,022,159	5,231,678	6,027,938	5,234,622
Rental - operating leases	3,934,208	3,931,951	3,934,208	3,931,951
Rental - others	262,667	337,288	262,667	337,288
Repairs and maintenance	8,130,587	7,165,285	8,130,587	7,165,285
Auditors' remuneration	62,000	58,000	64,140	60,000
Laboratory fees	3,957,219	4,144,044	3,957,219	4,144,044
Public education	2,181,763	2,820,855	2,181,763	2,820,855
Professional fees	222,178	119,443	284,362	155,576
Estate management fee	1,930,201	1,906,396	1,930,201	1,906,396
Board honorarium	71,250	75,000	73,750	77,500
Goods and services tax	2,045,823	1,909,327	2,045,823	1,909,327
Security services	995,603	1,081,530	995,603	1,081,530
HPAI expenditure	780,997	926,315	780,997	926,315
Research & development expenditure	43,046	4,579,051	43,046	4,579,051
Property tax	1,427,850	1,258,100	1,427,850	1,258,100
Property, plant and equipment written off	115,019	1,370	115,019	1,370
RF projects - operating expenses	645,042	330,856	645,042	330,856
Other operating expenses	2,382,088	2,367,354	2,396,710	2,398,059
	35,837,043	38,851,941	35,928,121	38,931,875

16 OPERATING GRANTS

<i>The Authority and the Group</i>	FY08/09	FY07/08
	\$	\$
Received/receivable during the financial year	87,560,486	67,380,000
Transfer to Deferred Capital Grants (Note 12)	(3,314,518)	(4,098,910)
Transfer from Capital and Other Grants (Note 10)	-	15,608
Transfer to income and expenditure statements	84,245,968	63,296,698

17 TOTAL GOVERNMENT GRANTS

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

<i>The Authority and the Group</i>	FY08/09	FY07/08
	\$	\$
Capital and Other Grants	279,087,881	278,240,813
Operating Grants	488,634,906	401,074,420
	767,722,787	679,315,233

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

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 18% (FY07/08: 18%) of the surplus for the year.

19 INCOME TAX EXPENSE

<i>The Group</i>	FY08/09 \$	FY07/08 \$
Current income tax expense	3,582	5,616
Underprovision/(overprovision) of current income tax expense in respect of prior years	46	(201)
	3,628	5,415

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the subsidiary's surplus as a result of the following differences:

	FY08/09 \$	FY07/08 \$
Surplus before contribution to Consolidated Fund and income tax expense	31,042,748	5,056,411
Less:		
The Authority's surplus before contribution to Consolidated Fund and income tax expense	30,995,608	4,989,006
	47,140	67,405
Income tax at statutory rate of 17% (FY07/08: 18%)	8,014	12,132
Singapore statutory stepped income exemption	(4,432)	(6,516)
	3,582	5,616

20 DIVIDEND

In accordance with the Capital Management Framework for Statutory Board, the Authority declared and paid a dividend of \$728,000, based on the accounting surplus in FY07/08, to the MOF on 21 March 2009.

21 COMMITMENTS FOR CAPITAL EXPENDITURE

Capital expenditure contracted during the financial year but not provided for in the financial statements amounted to \$1,266,541 (FY07/08 - \$2,716,950) at the balance sheet date.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

22 OPERATING LEASE COMMITMENTS

Payments

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

<i>The Authority and the Group</i>	FY08/09 \$	FY07/08 \$
Not later than one financial year	3,298,725	3,739,921
Later than one financial year but not later than five financial years	1,459,033	2,377,477
	4,757,758	6,117,398

The leases on the Authority and the Group office premises and office equipment contracted on which rentals are payable will expire from 31 May 2009 to 31 March 2012, subject to an option to renew for another 1 year, and the current rent payable on the leases range from \$32 to \$175,862 per month which are subject to revision on renewal.

Receipts

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

<i>The Authority and the Group</i>	FY08/09 \$	FY07/08 \$
Not later than one financial year	5,366,900	4,739,481
Later than one financial year but not later than five financial years	7,523,217	1,581,225
	12,890,117	6,320,706

The leases on the Authority's Fishery Ports' premises contracted on which rentals are receivable will expire from 31 May 2009 to 14 March 2012, subject to an option to renew for another 3 years, and the current rent receivable on the leases range from \$83 to \$13,888 per month which are subject to revision on renewal.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

23 FINANCIAL RISK MANAGEMENT

The Authority and Group's activities expose it 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 cashflows 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 cashflows of a financial instrument will fluctuate because of changes in market interest rates.

The Authority and the Group's exposure to interest rate risks relate primarily to fixed/short term deposits placed with reputable banks. The Authority and the Group manages its interest rate risks on its interest income by placing the deposits in varying maturities and interest rate terms with different reputable banks.

The following table indicates the effective interest rate at balance sheet date.

The Authority and the Group

<u>Financial assets</u>	Effective interest rate %	Total \$	Less than 1 year \$	1 to 5 years \$
Fixed deposits with banks				
FY08/09	0.7	36,891,968	36,891,968	–
FY07/08	1.3	26,614,153	26,614,153	–

Sensitivity analysis

For illustrative purpose, the sensitivity analysis performed is based on the changes in market interest rates affecting the interest income of fixed deposit placements.

The Authority and the Group

	FY08/09	FY07/08
	\$	\$
Effect of an increase in 0.5% in interest rate		
Increase in surplus before contribution to Consolidated Fund	117,045	87,757
Increase in equity	95,977	71,960
	FY08/09	FY07/08
	\$	\$
Effect of a decrease in 0.5% in interest rate		
Decrease in surplus before contribution to Consolidated Fund	(107,533)	(87,757)
Decrease in equity	(88,177)	(71,960)

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

23 FINANCIAL RISK MANAGEMENT – (continued)

(c) Credit risk

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

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

	<i>The Authority</i>		<i>The Group</i>	
	FY08/09	FY07/08	FY08/09	FY07/08
	\$	\$	\$	\$
Trade receivables	742,843	478,892	740,973	566,044
Other receivables	177,771	45,088	194,338	35,744
Total	920,614	523,980	935,311	601,788

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 substantially companies with a 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 aging analysis of trade receivables (gross) is as follows:

	<i>The Authority</i>		<i>The Group</i>	
	FY08/09	FY07/08	FY08/09	FY07/08
	\$	\$	\$	\$
Current	629,278	472,995	627,408	481,411
≤ 90 days	110,841	5,505	110,841	67,098
≥ 90 days	2,724	392	2,724	17,535

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

	<i>The Authority and the Group</i>	
	FY08/09	FY07/08
	\$	\$
Beginning of year	392	10,054
Impairment made	2,674	733
Impairment utilised	(525)	(10,395)
Impairment written back	183	–
End of year	2,724	392

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

23 FINANCIAL RISK MANAGEMENT – (continued)

(d) Liquidity risk

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

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

The table below summarises the maturity profile of the Group's financial liabilities at the balance sheet date based on contractual undiscounted payments:

	FY08/09			FY07/08		
	≤ 1 year \$	<1 to 5 years \$	> 5 years \$	≤ 1 year \$	<1 to 5 years \$	> 5 years \$
<i>The Authority</i>						
Trade and other payables	7,329,366	–	–	10,745,025	–	–
Amount due to Government	–	–	–	116,085	–	–
Provision for pension benefits	5,339,189	4,047,158	3,582,507	5,564,526	5,295,454	3,447,307
Rental, security and other deposits	2,129,990	–	–	2,009,293	–	–
	14,798,545	4,047,158	3,582,507	18,434,929	5,295,454	3,447,307

	FY08/09			FY07/08		
	≤ 1 year \$	<1 to 5 years \$	> 5 years \$	≤ 1 year \$	<1 to 5 years \$	> 5 years \$
<i>The Group</i>						
Trade and other payables	7,337,936	–	–	10,769,229	–	–
Amount due to Government	–	–	–	116,085	–	–
Provision for pension benefits	5,339,189	4,047,158	3,582,507	5,564,526	5,295,454	3,447,307
Rental, security and other deposits	2,129,990	–	–	2,009,293	–	–
	14,807,115	4,047,158	3,582,507	18,459,133	5,295,454	3,447,307

24 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.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2009

25 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.

However, the Authority does not anticipate that the carrying amounts for financial assets with a maturity of more than one year recorded at balance sheet date would be significantly different from the values that would eventually be received.

26 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation in relation to the income and expenditures statements.

Balance sheets

	<i>The Authority</i>		<i>The Group</i>	
	Restated FY07/08 \$	Reported FY07/08 \$	Restated FY07/08 \$	Reported FY07/08 \$
Trade and other payables	10,745,025	10,749,585	10,769,229	10,773,789
Rental, security and other deposits	2,009,293	2,004,733	2,009,293	2,004,733

Income and expenditure statements

	<i>The Authority</i>		<i>The Group</i>	
	Restated FY07/08 \$	Reported FY07/08 \$	Restated FY07/08 \$	Reported FY07/08 \$
Staff costs	58,142,601	57,287,197	58,142,601	57,287,197
General and administrative expenses	38,851,941	39,707,345	38,931,875	39,787,279

AVA OFFICES & CENTRES

Agri-Food & Veterinary Authority (Headquarters)

5 Maxwell Road
#01-01 / #02-03 / #03-00 / #04-00 / #18-00
Tower Block, MND Complex
Singapore 069110

Animal & Plant Health Centre

6 Perahu Road
Singapore 718827

Aquaculture Service Centre

Sembawang Research Station
Lorong Chencharu
Singapore 769194

Centre for Animal Welfare & Control

75 Pasir Panjang Road, Singapore 118507

Changi Animal and Plant Quarantine Station

Gate C7, Airport Cargo Road
Changi Airfreight Centre
Changi Animal & Plant Quarantine
Singapore 918104

Horticulture Services Centre

Sembawang Research Station
17km Sembawang Road
Singapore 769193

Jurong Fishery Port

Fishery Port Road
Singapore 619742

Marine Aquaculture Centre

St John's Island
Singapore

Marine Fisheries Research Department/ Southeast Asian Fisheries Development Centre

2 Perahu Road
Singapore 718915

Sembawang Animal Quarantine Station

10 Lorong Chencharu
Singapore 769197

Senoko Fishery Port

31 Attap Valley Road, #02-29
Singapore 759908

Veterinary Public Health Centre

10 Perahu Road
Singapore 718837

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