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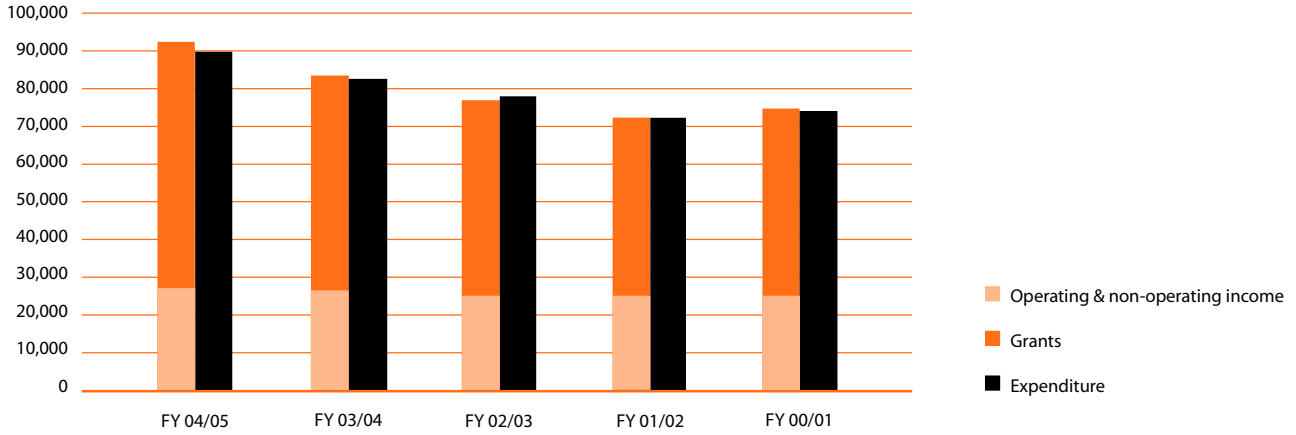
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FINANCIAL SUMMARY

Income and Expenditure	FY 04/05 \$'000	FY 03/04 \$'000	FY 02/03 \$'000	FY 01/02 \$'000	FY 00/01 \$'000
Operating and non-operating income	27,850	27,414	26,129	25,369	25,278
Grants	63,677	55,798	51,899	46,708	51,277
Total income	91,527	83,212	78,028	72,077	76,555
Operating expenditure	89,841	83,043	78,549	72,059	66,162
Non-operating expenditure	27	47	44	10	10,323
Total expenditure	89,868	83,090	78,593	72,069	76,485
Surplus / (Deficit) before contribution to Consolidated Fund	1,659	122	(565)	8	70
(Contribution) / Writeback to Consolidated Fund	(332)	(27)	2	(2)	0
Surplus / (Deficit) after contribution to Consolidated Fund	1,327	95	(563)	6	70
Balance Sheet					
Plant and equipment	28,476	19,370	12,171	8,233	9,810
Leasehold land and buildings	163,152	168,534	157,062	143,036	140,924
Current assets	28,829	19,825	13,114	12,561	7,757
Net assets of special project funds	3,621	6,428	7,920	8,622	958
Total assets	224,078	214,157	190,267	172,452	159,449
Accumulated surplus / (deficit)	935	(392)	(488)	76	70
Special Project Fund and pension benefits	12,917	13,784	13,329	12,024	2,723
Deferred capital grants & repayable grant	191,978	188,254	169,233	151,269	150,734
Other current liabilities	18,248	12,511	8,193	9,083	5,922
Total capital, reserves and liabilities	224,078	214,157	190,267	172,452	159,449

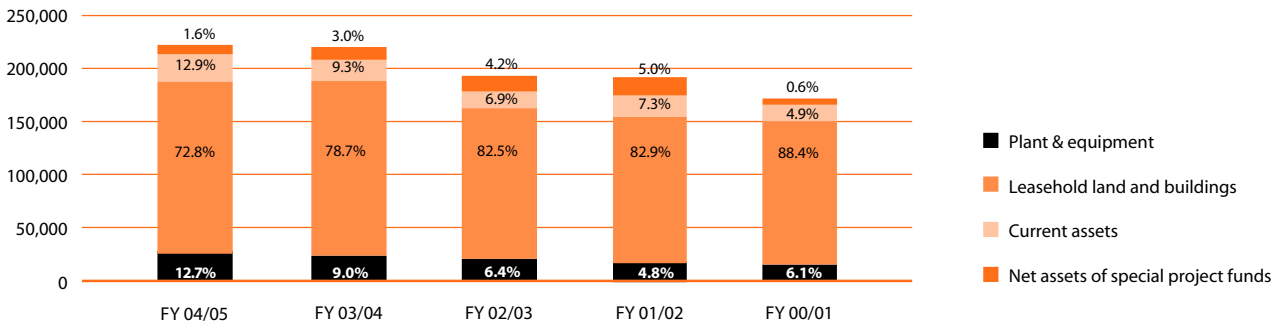
INCOME AND EXPENDITURE

\$'000



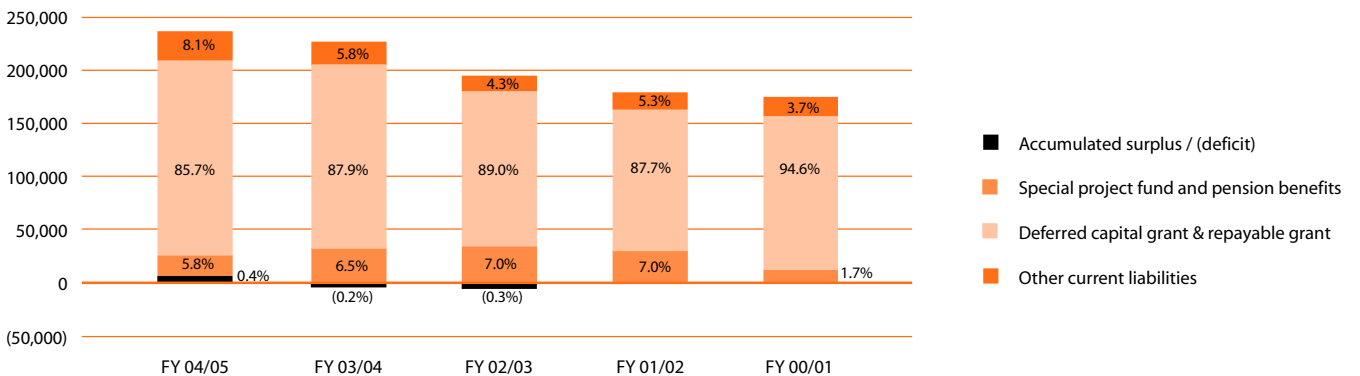
ASSETS

\$'000



CAPITAL, RESERVES AND LIABILITIES

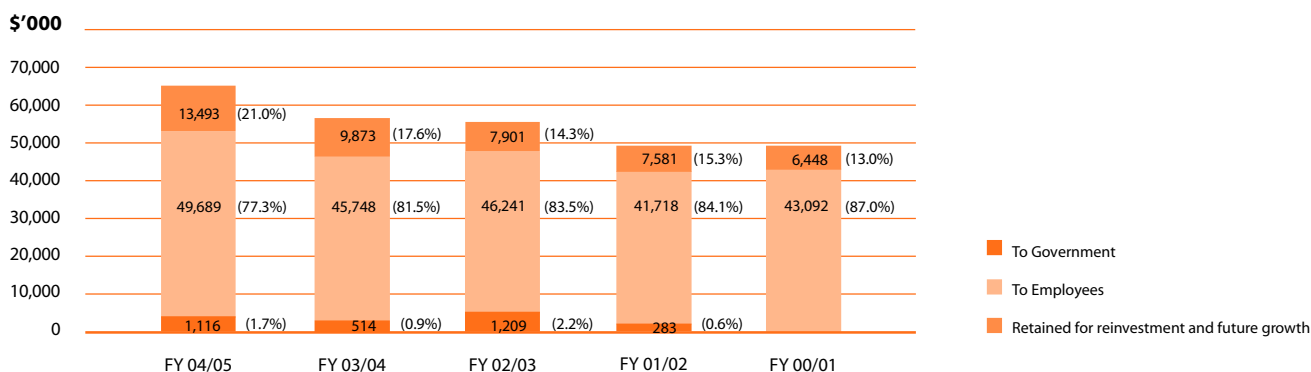
\$'000



VALUE-ADDED STATEMENT

	FY 04/05 \$'000	FY 03/04 \$'000	FY 02/03 \$'000	FY 01/02 \$'000	FY 00/01 \$'000
Turnover from operations	27,746	27,387	26,108	25,310	25,159
Less:					
Purchase of goods / services	27,202	27,030	22,633	22,485	16,692
Value added from operations	544	357	3,475	2,825	8,467
Grants	63,677	55,798	51,899	46,708	51,277
Non-Operating Income / (Expenditure)	77	(20)	(23)	49	(10,204)
Interest income	104	27	21	59	84
(Loss) / Gain on disposal of property, plant and equipment	(27)	(47)	(44)	(10)	35
Administrative charge arising from alienation of land	0	0	0	0	(10,323)
Total value added available for distribution	64,298	56,135	55,351	49,582	49,540
Distribution					
To Employees					
Salaries and staff welfare / benefits	49,689	45,748	46,241	41,718	43,092
To Government	1,116	514	1,209	283	0
Contribution / (Writeback) in lieu of tax	332	27	(2)	2	0
Property and other taxes	784	487	1,211	281	0
Retained for reinvestment and future growth	13,493	9,873	7,901	7,581	6,448
Depreciation	12,166	9,778	8,464	7,575	6,378
Surplus / (Deficit)	1,327	95	(563)	6	70
Total value added	64,298	56,135	55,351	49,582	49,540

TOTAL VALUE ADDED



FINANCIAL REVIEW

FINANCIAL RESULTS

AVA recorded a total operating income of \$27.7 million in FY04/05, which was \$0.36 million (or 1.3%) higher than FY03/04's operating income of \$27.4 million. The bulk of AVA's operating income came mainly from the issuance of certificates and permits, which accounted for 49.5% of total operating income.

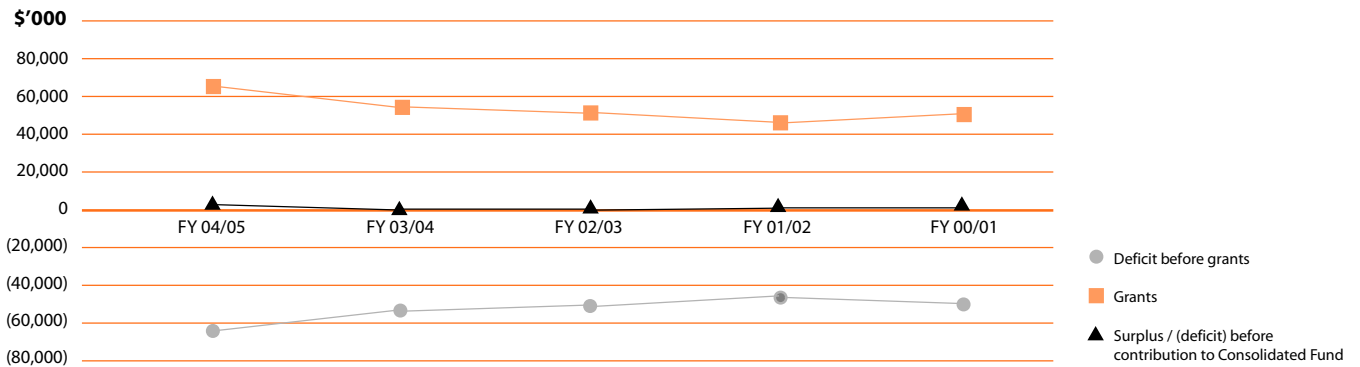
Operating expenditure for the year was \$89.8 million, an increase of 8.2% over last year's operating expenditure. The increase was attributed mainly to the increase in staff-related costs such as provision for pension benefits and unconsumed leave, and depreciation of fixed assets.

AVA received interest income on bank deposits totalling \$103,700 in FY04/05 and incurred a loss of \$26,540 on the disposal of fixed assets.

The net deficit for the year before government grant was \$62.0 million. Grant-in-aid received from government for FY04/05 was \$52.5 million of which \$1.5 million was transferred to deferred capital grant. In addition, AVA transferred \$12.6 million from deferred capital grants to the income and expenditure statement to match the depreciation and disposal of the fixed assets to which the deferred capital grants relate.

AVA achieved a net surplus of \$1,327,562 after provision for contribution to Consolidated Fund of \$331,891 for the year, as compared to a net surplus of \$95,460 for FY03/04.

SURPLUS/ (DEFICIT) BEFORE CONTRIBUTION TO CONSOLIDATED FUND



FINANCIAL POSITION

As at 31 March 2005, AVA's total assets increased by \$9.8 million to \$224.0 million (31 March 2004: \$214.2 million) due to development work-in-progress with respect to the Veterinary Public Health Centre and Animal and Plant Health Centre. Property, plant and equipment which stood at \$191.6 million accounted for 85.5% of the total assets.

ASSETS

\$Million



Capital, reserves and liabilities of the Authority as at 31 March 2005 totalled \$224.0 million (31 March 2004: \$214.2 million). Of the \$224.0 million, the deferred capital grant and repayable grant stood at \$192.0 million while other current liabilities totalled \$18.2 million. Special Project Fund and pension benefits accounted for \$12.9 million while accumulated surplus totalled \$0.9 million.

CAPITAL, RESERVES AND LIABILITIES

\$Million

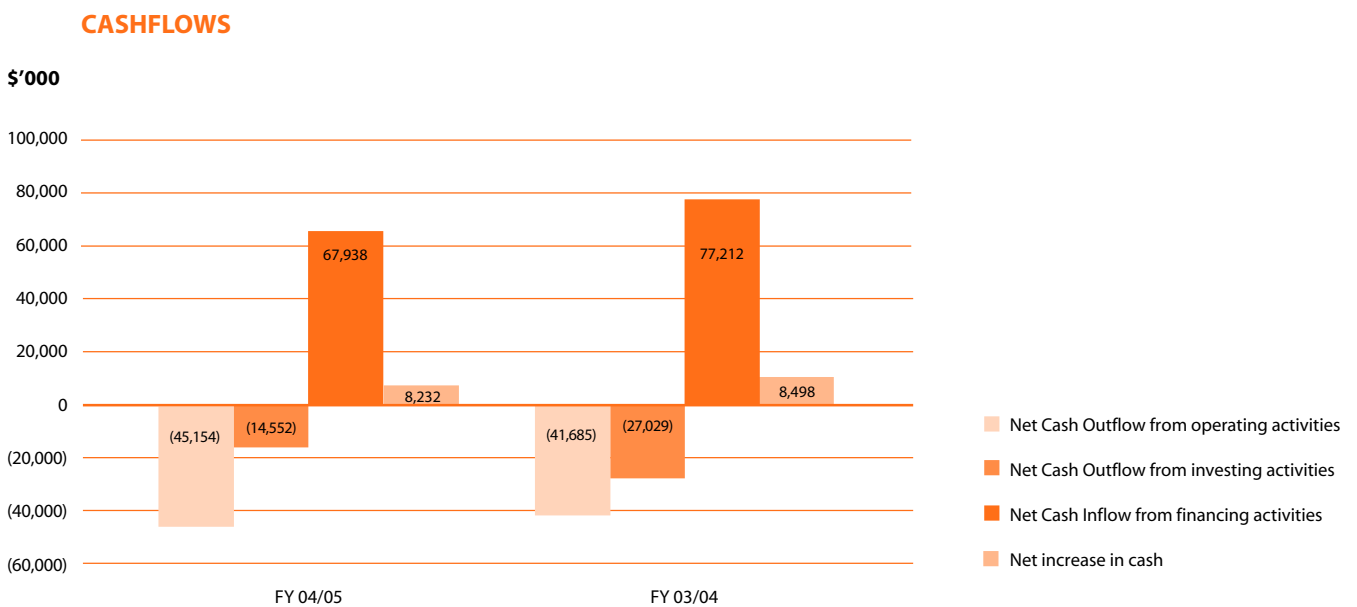


CASH FLOWS

Total cash outflows for FY04/05 was \$59.7 million. Of this, \$14.5 million was expended on investing activities (development expenditure) and \$45.2 million was utilised for operating activities (operating expenditure).

Cash received through government grants during the year amounted to \$67.9 million.

The overall net cash inflow was \$8.2 million which arose as a result of the timing difference in payment of expenditure.



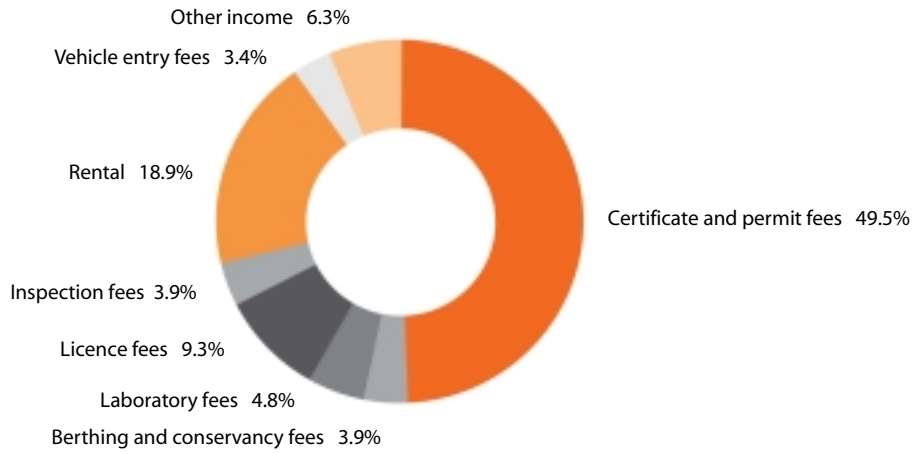
	FY 04/05 \$'000	FY 03/04 \$'000
Net Cash Outflow from operating activities	(45,154)	(41,685)
Net Cash Outflow from investing activities	(14,552)	(27,029)
Net Cash Inflow from financing activities	67,938	77,212
Net increase in cash	8,232	8,498

OPERATING INCOME

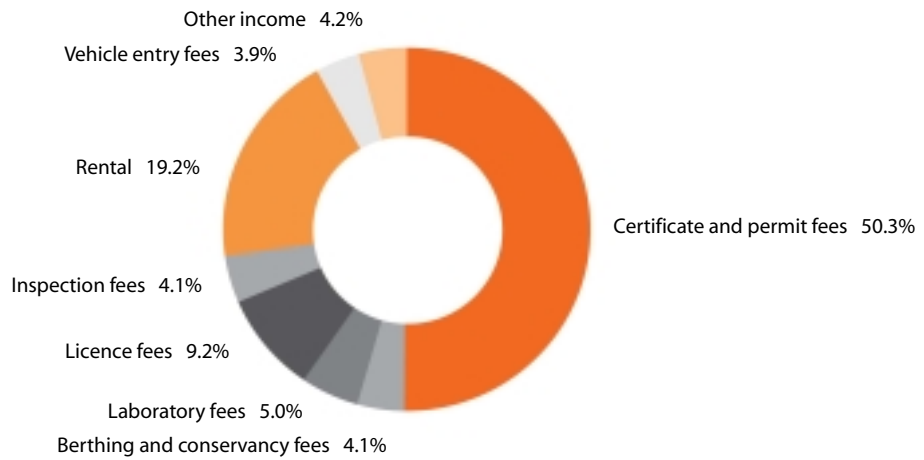
There was a net increase in operating income from \$27.4 million in FY03/04 to \$27.7 million in FY04/05. The increase was due mainly to the increase in "other income" which came mainly from the auction proceeds from the confiscated snake skins and higher composition sums collected.

Operating Income	FY04/05	FY03/04	Increase / (Decrease)	
	\$'000	\$'000	\$'000	%
Certificate and permit fees	13,735	13,771	(36)	(0.3)
Berthing and conservancy fees	1,094	1,117	(23)	(2.1)
Laboratory fees	1,337	1,380	(43)	(3.1)
Licence fees	2,583	2,516	67	2.7
Inspection fees	1,085	1,121	(36)	(3.2)
Rental	5,232	5,253	(21)	(0.4)
Vehicle entry fees	945	1,081	(136)	(12.6)
Other income	1,735	1,148	587	51.1
	27,746	27,387	359	1.3

OPERATING INCOME FY 04/05



OPERATING INCOME FY 03/04



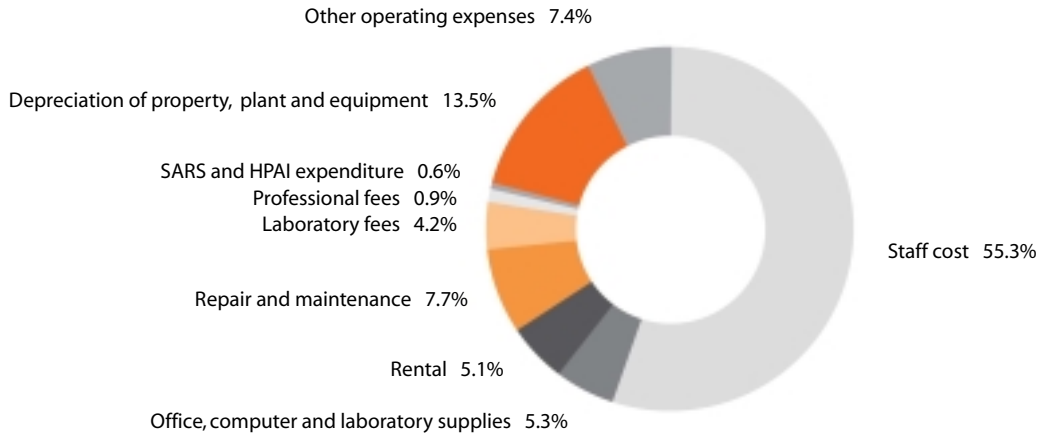
OPERATING EXPENDITURE

Operating expenditure increased by \$6.8 million (8.2%) for the financial year ended 31 March 2005. The increase is attributed mainly to the staff cost; office, computer and laboratory supplies, and depreciation. Staff cost had increased by \$3.9 million (8.6%), due to a higher provision for pension benefits and unconsumed leave during the year. Expenditure on office, computer and laboratory supplies increased by \$1.0 million (27.2%) due to the increase in the cost of public utilities at the Animal and Plant Health Centre (APHC), as the centre became fully operational from July 2004. Road resurfacing works at both the Jurong and Senoko Fisheries Ports were carried out during the year, thus contributing to the increase in repairs and maintenance costs by \$0.5 million (9.1%). Depreciation increased by \$2.4 million (24.4%), due to the capitalisation of the building costs of the APHC and the Human Resource application system. FY04/05 also recorded a higher property tax, as the property tax assessment on the Veterinary Public Health Centre (VPHC) was finalised during the year. This, together with the increase in security services, as a result of additional measures put in place at the Jurong Fishery Port, contributed to the increase in other operating expenditure by \$0.8 million (13.8%).

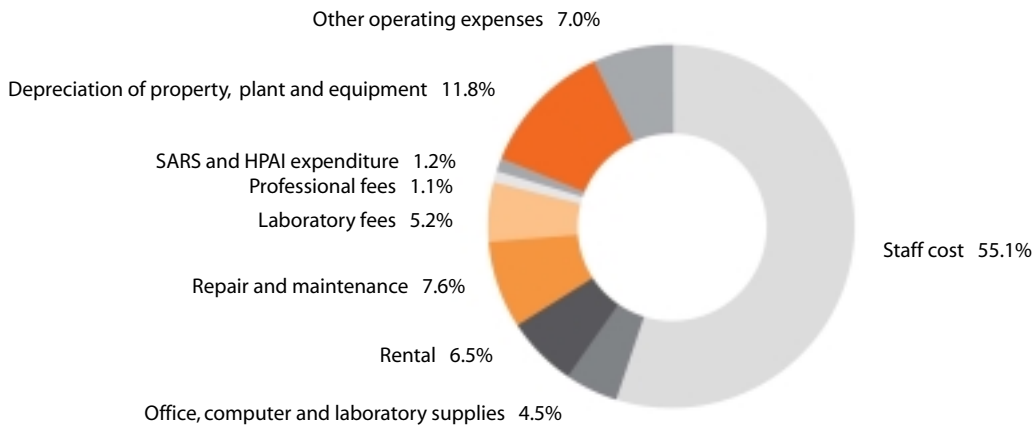
On the other hand, there was a decrease in rental from \$5.4 million in FY03/04 to \$4.6 million in FY04/05. As the newly constructed Veterinary Public Health Centre and Animal and Plant Health Centre became operational in FY03/04 and FY04/05 respectively, the old sites at Jalan Buroh, Lim Chu Kang and SengKang were returned to the Singapore Land Authority. This, together with the lower rental rates of office premises at AVA HQ contributed to the reduction in rental by \$0.8 million (15.3%).

Operating Expenditure	FY04/05	FY03/04	Increase / (Decrease)	
	\$'000	\$'000	\$'000	%
Staff cost	49,689	45,748	3,941	8.6
Office, computer and laboratory supplies	4,725	3,716	1,009	27.2
Rental	4,573	5,399	(826)	(15.3)
Repair and maintenance	6,949	6,370	579	9.1
Laboratory fees	3,747	4,335	(588)	(13.6)
Professional fees	835	888	(53)	(6.0)
SARS and HPAI expenditure	507	965	(458)	(47.5)
Depreciation of property, plant and equipment	12,166	9,778	2,388	24.4
Other operating expenses	6,650	5,844	806	13.8
	89,841	83,043	6,798	8.2

OPERATING EXPENDITURE FY 04/05



OPERATING EXPENDITURE FY 03/04



CAPITAL EXPENDITURE

Total capital expenditure for the year was \$16.3 million, representing a decrease of \$12.7 million (43.7%) over the last financial year. Of the \$16.3 million, \$9.4 million was for the construction of the Veterinary Public Health Centre and Animal and Plant Health Centre, while \$6.9 million was for the purchase of laboratory and IT equipment.

Capital Expenditure

	FY04/05	FY03/04	Increase / (Decrease)	
	\$'000	\$'000	\$'000	%
Equipment	6,879	231	6,648	2,877.9
Development work-in-progress	9,444	28,782	(19,338)	(67.2)
	16,323	29,013	(12,690)	(43.7)

CAPITAL EXPENDITURE FY 04/05



CAPITAL EXPENDITURE FY 03/04



AUDITORS' REPORT

To the Agri-Food and Veterinary Authority

We have audited the financial statements of the Agri-Food and Veterinary Authority ("Authority") for the financial year ended 31 March 2005 set out on pages 104 to 123. These financial statements are the responsibility of the Authority's management. 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 plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Authority's management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements of the Authority are properly drawn up in accordance with the provisions of the Agri-Food and Veterinary Authority Act 2000 ("Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Authority as at 31 March 2005, and the results, changes in accumulated fund and cash flows for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Authority 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 receipt, 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.



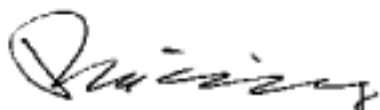
PricewaterhouseCoopers
Certified Public Accountants

Singapore, 1 July 2005

INCOME AND EXPENDITURE STATEMENT

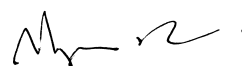
For the financial year ended 31 March 2005

	Notes	2005 \$	2004 \$
Operating income			
Certificate and permit fees		13,735,561	13,771,353
Berthing and conservancy fees		1,093,812	1,116,688
Laboratory fees		1,336,791	1,379,910
Licence fees		2,583,179	2,516,206
Inspection fees		1,084,928	1,120,631
Rental		5,232,015	5,253,082
Vehicle entry fees		945,458	1,081,350
Other income		1,734,612	1,147,490
		<u>27,746,356</u>	<u>27,386,710</u>
Less:			
Operating expenditure			
Staff costs	4	49,688,440	45,747,998
General and administrative expenses	5	27,986,343	27,516,554
Depreciation of property, plant and equipment		12,166,273	9,778,442
		<u>89,841,056</u>	<u>83,042,994</u>
Operating deficit		(62,094,700)	(55,656,284)
Finance Income			
Interest income		103,700	26,869
		<u>(61,991,000)</u>	<u>(55,629,415)</u>
Less:			
Non-operating expenditure			
Loss on disposal of property, plant and equipment		(26,540)	(46,988)
Deficit before Grants		(62,017,540)	(55,676,403)
Grants			
Operating Grants	6	51,058,594	45,404,299
Transfer from Non-Government Grant	7	-	13,278
Transfer from Capital Grants	8	19,184	38,129
Transfer from Deferred Capital Grants	9	12,599,215	10,343,081
		<u>63,676,993</u>	<u>55,798,787</u>
Surplus before contribution to Consolidated Fund		1,659,453	122,384
Contribution to Consolidated Fund	10	(331,891)	(26,924)
Net surplus for the year		1,327,562	95,460



Koh Poh Tiong
Chairman

1 July 2005

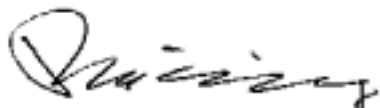


Dr Ngiam Tong Tau
Chief Executive Officer

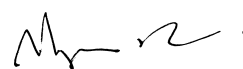
BALANCE SHEET

As at 31 March 2005

	Notes	2005 \$	2004 \$
Accumulated surplus/(deficit)		935,174	(392,388)
Vegetable Project Fund	11	1,547,467	6,259,908
Other Trust and Agency Funds	12	2,073,776	168,386
		4,556,417	6,035,906
Represented by:			
Non-current assets			
Property, plant and equipment	13	191,627,617	187,903,574
Investment in subsidiary	14	2	2
		191,627,619	187,903,576
Current assets			
Cash and bank balances	15	14,643,124	12,574,200
Fixed deposits with financial institutions	15	12,013,166	5,850,000
Trade and other receivables	16	1,187,019	576,962
Capital grant receivable from Government		16,526	-
Prepayments		969,007	824,023
		28,828,842	19,825,185
Current liabilities			
Trade and other payables	17	13,335,400	8,569,745
Amount due to Government		159,494	141,188
Rental, security and other deposits		1,559,274	1,472,623
Capital Grants	8	1,538,758	984,955
Non-Government Grant	7	177,842	177,778
Deferred income		1,145,084	1,138,496
Provision for pension benefits	18	2,009,227	605,901
Provision for contributions to Consolidated Fund		331,891	26,924
		20,256,970	13,117,610
		8,571,872	6,707,575
Net current assets			
Non-current liabilities			
Provision for pension benefits	18	7,286,700	6,749,965
Deferred Capital Grants	9	191,627,617	187,903,574
Repayable Grant	19	350,000	350,000
		199,264,317	195,003,539
Net assets of Vegetable Project Fund	11	1,547,467	6,259,908
Net assets of Other Trust and Agency Funds	12	2,073,776	168,386
		4,556,417	6,035,906


Koh Poh Tiong
Chairman

1 July 2005


Dr Ngiam Tong Tau
Chief Executive Officer

STATEMENT OF CHANGES IN ACCUMULATED FUND

For the financial year ended 31 March 2005

	Accumulated surplus/ (deficit)
Balance at 1 April 2004	(392,388)
Recognised gain for the year - Surplus for the year	1,327,562
Balance at 31 March 2005	<u>935,174</u>
Balance at 1 April 2003	(487,848)
Recognised gain for the year - Surplus for the year	95,460
Balance at 31 March 2004	<u>(392,388)</u>

CASH FLOW STATEMENT

For the financial year ended 31 March 2005

	Note	2005 \$	2004 \$
Cash flows from operating activities			
Deficit before grants		(62,017,540)	(55,676,403)
Adjustments for:			
Depreciation of property, plant and equipment		12,166,273	9,778,442
Loss on disposal of property, plant and equipment		26,540	46,988
Property, plant and equipment written off		392,409	493,975
Interest income		(103,700)	(26,869)
Provision for doubtful debts		2,582	-
Provision for pension benefits		2,652,358	2,223,127
Deficit before working capital changes		(46,881,078)	(43,160,740)
Changes in working capital:			
Trade and other receivables		(595,948)	(154,569)
Prepayments		(144,985)	(169,733)
Trade and other payables		3,095,438	1,738,392
Amount due to Government		18,306	17,737
Rental, security and other deposits		86,651	241,227
Deferred income		6,588	79,105
		(44,415,028)	(41,408,581)
Payment of contribution to Consolidated Fund		(26,924)	-
Payment of pension benefits		(712,297)	(276,427)
Net cash outflow from operating activities		(45,154,249)	(41,685,008)
Cash flows from investing activities			
Purchase of property, plant and equipment		(14,653,041)	(27,077,456)
Proceeds from disposal of property, plant and equipment		13,993	23,676
Interest income received		87,074	24,957
Net cash outflow from investing activities		(14,551,974)	(27,028,823)
Cash flows from financing activities			
Repayable grant received		-	350,000
Government grants received		67,938,313	76,862,352
Net cash inflow from financing activities		67,938,313	77,212,352
Net increase/(decrease) in cash and cash equivalents		8,232,090	8,498,521
Cash and cash equivalents at the beginning of the financial year		18,424,200	9,925,679
Cash and cash equivalents at the end of the financial year	15	26,656,290	18,424,200

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

The Agri-Food and Veterinary Authority is a statutory board established in Singapore under the Agri-Food and Veterinary Authority Act 2000. It is domiciled in Singapore. The address of the Authority's registered office is

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 2000 or any other written law.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

3. Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS requires the use of 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 revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current event and actions, actual results may ultimately differ from those estimates.

(b) Revenue recognition

Certificate, permit and licence fees are recognised as revenue on an accrual basis.

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

Rental and vehicle entry and 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.

Other income comprises mainly fines and farm sales. Fines are accounted for when received and farm sales are recognised upon delivery of goods to customers.

Deferred income relates to annual license fees received in advance from licensees and is recognised in the Statement of Income and Expenditure over the remaining period of the licenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

3. Significant accounting policies (continued)

(c) Grants (continued)

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 Statement 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 Statement 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 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.

Other Trust and Agency funds are government grants and contributions from other organisations where the Authority is not the owner and beneficiary of the funds. Income and expenditure in respect of agency funds are taken directly to the funds accounts and the net assets relating to the funds are shown as a separate line item in the balance sheet.

(d) Foreign currency translation

(1) *Measurement currency*

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Authority ("the measurement currency"). The financial statements are presented in Singapore Dollars ("SGD"), which is the measurement currency of the Authority.

(2) *Transactions and balances*

The transactions and balances of the Authority are predominantly in SGD only.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

3. Significant accounting policies (continued)

(e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. No depreciation is provided on development work-in-progress. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Depreciation is calculated on the straight-line basis to write off the cost of property, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

	Years
Leasehold land and buildings	10 - 30 (over the period of the lease)
Motor vehicles and vessels	10
Mechanical, electrical & micrographic equipment	8 - 10
Furniture and fittings	8
Laboratory tools & equipment	8 - 10

Assets cost not exceeding \$2,000 each are fully depreciated in the month of purchase and those not exceeding \$500 each are written off in the Statement of Income and Expenditure.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the Statement of Income and Expenditure.

(f) Investments

Investments, including investment in subsidiary, are stated at cost and less impairment losses in the Authority's balance sheet. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On the disposal of an investment, the difference between net disposal proceeds and its carrying amount is taken to the Income and Expenditure Statement.

(g) Receivables

Receivables are stated at cost less provision for doubtful debts based on a review of outstanding amounts at the balance sheet date. Provision for doubtful debts is made when there is objective evidence that the Authority will not be able to collect amounts due according to original terms of receivables. Bad debts are written off when identified.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

3. Significant accounting policies (continued)

(h) Leases

(1) *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 statement 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.

(2) *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 leasees) is recognised on a straight-line basis over the lease term.

(i) Provisions

Provisions are recognised when the Authority has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(j) Employee benefits

(1) *Defined contribution plans*

Defined contribution plans are post – employment benefit plans under which the Authority pays fixed contributions into separate entities such as Central Provident Fund, and will have no legal or constructive obligation to pay all employees benefits relating to employee service in the current and preceding financial years. The Authority's contribution to defined contribution plans are recognised in the financial year to which they relate.

(2) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

3. Significant accounting policies (continued)

(j) Employee benefits (continued)

(3) *Pension benefits*

The Authority operates an unfunded defined benefit scheme for certain employees under the provisions of the Pensions Act (Chapter 225).

The provision for pension is recognised based on the commuted pension gratuity for each pensionable employee accrued from 1 April 2000 up to 31 March 2005. The commuted pension gratuity for each pensionable officer and Authority's share of the gratuity is computed based on existing guidelines found in the Pension Act and relevant circulars issued by the Public Service Division.

This accounting policy does not depart from the basic principles outlined by the applicable provisions of the FRS 19, Employee benefits.

4. Staff costs

	2005	2004
	\$	\$
Salaries, allowances and bonus	39,335,800	36,324,736
Central Provident Fund contributions	3,941,467	4,263,838
Provision for pension benefits	2,652,358	2,223,127
Other staff costs	3,758,815	2,936,297
	49,688,440	45,747,998

- (a) Total key management's remuneration for the financial year amounts to \$1,692,452 (2004: \$1,453,701). 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.
- (b) The number of persons employed at the end of the financial year is 800 (2004: 813).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

5. General and administrative expenses

	2005 \$	2004 \$
Transport and travel	606,858	500,387
Office, computer and laboratory supplies	4,725,347	3,715,626
Rental – operating leases	4,405,465	5,349,708
Rental - others	167,855	49,140
Repairs and maintenance	6,949,256	6,370,443
Auditors' remuneration	70,000	65,800
Laboratory fees	3,746,967	4,334,913
Public Education	884,337	728,501
Professional fees	834,760	887,744
Board honorarium	40,000	45,000
Goods and services tax	1,033,888	929,948
Security services	755,989	676,021
SARS & HPAI expenditures	507,096	964,834
Property tax	784,078	486,893
Property, plant and equipment written off	392,409	493,975
Other operating expenses	2,082,038	1,917,621
	27,986,343	27,516,554

6. Operating grants

	2005 \$	2004 \$
Received/receivable during the financial year	52,556,071	45,825,600
Transfer to Deferred Capital Grants (note 9)	(1,497,477)	(421,301)
Transfer to Income and Expenditure Statement	51,058,594	45,404,299

During the year, the Authority received a grant amounting to \$560,000 from the Government for the expenditure incurred for the Highly Pathogenic Avian Influenza ("HPAI") preparedness.

7. Non-Government Grant

	2005 \$	2004 \$
Balance at the beginning of the financial year	177,778	191,056
Transfer to Income and Expenditure Statement	-	(13,278)
Bank interest earned	64	-
Balance at the end of the financial year	177,842	177,778

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

8. Capital Grants

<u>Government Grants</u>	2005	2004
	\$	\$
Balance at the beginning of the financial year	984,955	691,460
Received during the financial year	15,398,768	28,923,652
Transfer to Deferred Capital Grants (note 9)	(14,825,781)	(28,592,028)
Transfer to Income and Expenditure Statement *	(19,184)	(38,129)
Balance at the end of the financial year	1,538,758	984,955

* The transfer to Income and Expenditure Statement during the financial year is for the purpose of matching against assets which individually cost \$500 and below that are expensed off in the month of purchase in accordance with the financial regulations of the Authority.

9. Deferred Capital Grants

<u>Government Grants</u>	2005	2004
	\$	\$
Balance at beginning of the financial year	187,903,574	169,233,326
Transfer from Capital Grants (note 8)	14,825,781	28,592,028
Transfer from Operating Grants (note 6)	1,497,477	421,301
	204,226,832	198,246,655
Grants taken to Income and Expenditure statement		
- to match depreciation	(12,166,273)	(9,778,442)
- to match disposals	(40,533)	(70,664)
- to match write-off	(392,409)	(493,975)
	(12,599,215)	(10,343,081)
Balance at the end of the financial year	191,627,617	187,903,574

10. Contribution to Consolidated Fund

This represents the contribution to the Consolidated Fund pursuant to the amendment to the requirements of the Ministry of Finance which states that such contribution is payable by the Authority with effect from the financial year beginning 1 April 2003.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

11. Vegetable Project Fund

The Authority was awarded a repayable grant not exceeding \$19.9 million by the Economic Development Board ("EDB") for the transfer of up-to-date farming technology to farmers overseas to enable them to produce quality vegetables for export to Singapore. The accumulated amount of the grant received from EDB as at 31 March 2005 amounted to \$8 million (2004: \$8 million). During the financial year, \$4 million had been returned to EDB. At 31 March 2005, an accumulated amount of \$2.4 million had been utilised, leaving a net balance of \$1.6 million.

The grant by the EDB is unsecured and repayable in annual instalments of \$2 million each commencing 2 January 2005. No interest is payable on the grant except that overdue payments are subject to an interest of 3% per annum above the prevailing Monetary Authority of Singapore prime rate on the overdue amount.

The Authority had exit the project on 1 May 2005 and is currently in discussions with EDB on the arrangements relating to the repayment of the remaining grant.

The Income and Expenditure Statement and Balance Sheet of the Vegetable Project Fund are set out below:

	2005 \$	2004 \$
(a) Income and Expenditure Statement		
Income		
Bank interest	16,971	31,075
Operating Expenditure		
General and administrative expenses	(645,733)	(1,131,079)
Loss on disposal of property, plant and equipment	(48,139)	-
Depreciation of property, plant and equipment	(35,540)	(16,718)
	(729,412)	(1,147,797)
Operating deficit	(712,441)	(1,116,722)
Grants - Transfer from Deferred Capital Grant	35,540	16,718
Deficit for the year	(676,901)	(1,100,004)
Accumulated deficit brought forward	(1,723,374)	(623,370)
Accumulated deficit carried forward	(2,400,275)	(1,723,374)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

11. Vegetable Project Fund (continued)

The Income and Expenditure Statement and Balance Sheet of the Vegetable Project Fund are set out below (continued):

	2005 \$	2004 \$
(b) Balance Sheet		
Accumulated deficit	(2,400,275)	(1,723,374)
<u>Non-current liabilities</u>		
Loan payable	4,000,000	8,000,000
Deferred Capital Grant	(52,258)	(16,718)
	1,547,467	6,259,908
Represented by:		
<u>Non-current assets</u>		
Property, plant and equipment	461,074	559,663
<u>Current Assets</u>		
Cash and bank balances	1,076,050	2,267,460
Fixed deposits with financial institution	-	3,600,000
Other receivables	20,000	5,301
	1,096,050	5,872,761
Less:-		
<u>Current Liability</u>		
Creditors	9,657	172,516
Net Current Assets	1,086,393	5,700,245
Total Net Assets	1,547,467	6,259,908

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

12 Other Trust and Agency Funds

The income and expenditure statement and balance sheet of the Other Trust and Agency Funds for the financial year ended 31 March 2005 are as follows:

	2005 \$	2004 \$
(a) Income and Expenditure Statement		
Contributions received	5,062,909	4,175,993
Expenditure		
Agrobiotechnology Research & Development	2,922,255	3,679,783
Hatchery Technology Advancements	229,636	385,510
AVA-IMA Joint Aquaculture	5,628	485,709
	3,157,519	4,551,002
Net surplus/(deficit) for the year	1,905,390	(375,009)
Accumulated surplus brought forward	168,386	543,395
Accumulated surplus carried forward	2,073,776	168,386
(b) Balance Sheet		
Accumulated surplus	2,073,776	168,386
Represented by:		
<u>Current Assets</u>		
Cash and bank balances	104,249	214,293
Receivables	1,998,637	-
	2,102,886	214,293
Less:-		
<u>Current Liability</u>		
Creditors and accruals	(29,110)	(45,907)
Net Current Assets	2,073,776	168,386
Total Net Assets	2,073,776	168,386

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

13. Property, plant and equipment

	Leasehold land and buildings	Motor vehicles & vessels	Mechanical, electrical & micrographic equipment	Furniture and fittings	Laboratory tools & equipment	Development work-in- progress	Total
	\$	\$	\$	\$	\$	\$	\$
<u>Cost</u>							
At 1 April 2004	156,641,412	2,814,910	13,059,390	5,401,040	22,612,229	31,611,254	232,140,235
Additions	-	43,514	226,811	228,110	6,381,065	9,443,758	16,323,258
Disposals	-	(90,205)	(218,282)	(260,983)	(1,507,510)	(392,409)	(2,469,389)
Transfers	19,780,829	-	4,501,219	372,644	2,961,308	(27,616,000)	-
At 31 March 2005	176,422,241	2,768,219	17,569,138	5,740,811	30,447,092	13,046,603	245,994,104
<u>Accumulated depreciation</u>							
At 1 April 2004	19,718,706	1,672,606	3,127,818	2,998,569	16,718,962	-	44,236,661
Depreciation charge	6,598,607	254,011	1,848,008	633,565	2,832,082	-	12,166,273
Disposals	-	(78,970)	(206,921)	(254,741)	(1,495,815)	-	(2,036,447)
At 31 March 2005	26,317,313	1,847,647	4,768,905	3,377,393	18,055,229	-	54,366,487
Net book value At 31 March 2005	150,104,928	920,572	12,800,233	2,363,418	12,391,863	13,046,603	191,627,617
Net book value At 31 March 2004	136,922,706	1,142,304	9,931,572	2,402,471	5,893,267	31,611,254	187,903,574

14. Investment in subsidiary

(a) The subsidiary, which is incorporated in Singapore, is as follows:

Name of company	Principal activity	Cost of investment		Equity holding	
		2005 \$	2004 \$	2005 %	2004 %
Agrifood Technologies Pte Ltd	Consultancy services	2	2	100	100

(b) No consolidated financial statements are prepared as the financial statements of the subsidiary is not considered to be material to the Authority.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

15. Cash and cash equivalents

	2005 \$	2004 \$
Cash and bank balances	14,643,124	12,574,200
Fixed deposits with financial institutions	12,013,166	5,850,000
	26,656,290	18,424,200

The fixed deposits with financial institutions mature on varying dates within 6 months (2004: 6 months) from the financial year end. The weighted average effective interest rate of these deposits as at 31 March 2005 was 1.77 % (2004: 0.66%) per annum.

16. Trade and other receivables

	2005 \$	2004 \$
Trade receivables	831,078	513,141
Less: Provision for doubtful debts	(2,582)	-
	828,496	513,141
Amount due from subsidiary company – non-trade	304,927	49,998
Other receivables	53,596	13,823
	1,187,019	576,962

The amount due from subsidiary company is unsecured, interest-free and has no fixed repayment terms.

17. Trade and other payables

	2005 \$	2004 \$
Trade creditors	3,081,883	2,116,325
Amount payable with respect to capital expenditure	3,910,894	2,240,677
Accrued operating expenses	6,342,623	4,212,743
	13,335,400	8,569,745

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

18. Provision for pension benefits

	2005 \$	2004 \$
Balance at the beginning of the financial year	7,355,866	5,409,166
Provision for the financial year	2,652,358	2,223,127
Payments during the financial year	(712,297)	(276,427)
Balance at the end of the financial year	9,295,927	7,355,866

The provision for pension benefits is payable as follows:

	2005 \$	2004 \$
Within one year	2,009,227	605,901
After one year	7,286,700	6,749,965
	9,295,927	7,355,866

19. Repayable Grant

AVA was awarded a repayable grant not exceeding \$3.5 millions from Economic Development Board ("EDB") to develop a commercial-scale hatchery on St. John Island to demonstrate the feasibility of quality frays production to help expand the aquaculture industry in the region. The accumulated amount of the grant received from EDB as at 31 March 2005 amounted to \$350,000 (2004: \$350,000).

The grant is unsecured and repayable in annual instalments of \$700,000 each commencing 2 January 2009. The grant is interest-free except for overdue payments that are subject to an interest of 3% per annum above the prevailing Monetary Authority of Singapore prime rate on the overdue amount.

20. Total government grants

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

	2005 \$	2004 \$
Deferred capital grants and capital grants	244,571,058	229,172,290
Operating grants	217,933,720	165,377,649
	462,504,778	394,549,939

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

21. Commitments for expenditure

(a) Capital commitments

Capital expenditure contracted during the financial year but not provided for in the financial statements amounted to \$8,715,634 (2004: \$9,447,326) at the balance sheet date.

(b) Operating lease commitments

The future aggregate minimum lease payments under operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	2005 \$	2004 \$
Not later than one financial year	3,843,454	1,623,045
Later than one financial year but not later than five financial years	2,354,388	1,710,665
	6,197,842	3,333,710

The future minimum lease payments receivables under operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	2005 \$	2004 \$
Not later than one financial year	5,803,742	6,256,836
Later than one financial year but not later than five financial years	3,000,770	3,940,583
	8,804,512	10,197,419

22. Fair value of financial instruments

The fair values of the following financial assets and financial liabilities which comprises trade and other receivables, cash and cash equivalents, trade and other payables, deposits, provision for pension benefits and amount due to Government at the balance sheet date approximate their carrying amounts as shown in the balance sheet as at that date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

23. Financial risk management

(i) *Foreign exchange risk*

The Authority has no significant exposure to foreign exchange risk.

(ii) *Interest rate risk*

The Authority's income and operating cash flows are substantially independent of changes in market interest rates. The Authority has no significant interest-bearing assets or liabilities other than investments in fixed deposits. The Authority places its surplus funds with reputable banks.

(iii) *Credit risk*

The Authority has no significant concentrations of credit risk. The Authority has policies in place to ensure that sales of products and services are made to customers with appropriate credit history.

(iv) *Liquidity risk*

The Authority ensures that it maintains sufficient cash and flexibility in funding. In addition, it is financially supported by grants primarily from the government.

24. Comparatives

The comparatives for operating leases commitments previously included commitments of \$2,535,382 with respect to service and maintenance contracts. For the current financial year's disclosures, these contracts had been excluded to facilitate a more appropriate presentation of the Authority's operating lease commitments profile in accordance to FRS 17 "Leases". The comparatives for the current financial year were accordingly changed.

The comparatives for Capital Grants and Deferred Capital Grants amounting to \$984,955 and \$187,903,574 respectively, have been reclassified from equity to current liabilities and non-current liabilities respectively in accordance with Finance Circular Minute No.M4/2005 dated 11 February 2005 issued by the Ministry of Finance.

25. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board on 1 July 2005.

CREDITS

AVA ANNUAL REPORT 2004/ 2005

We thank the following AVA officers for their participation in the respective pictorials.

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Senior Scientist **Jenny Yong Lee Yin**

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Pages 34 & 35

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