Annual Financial Statements

Financial Year ended 31 March 2007

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STATEMENT BY THE HEALTH SCIENCES AUTHORITY

In our opinion, the accompanying financial statements of the Health Sciences Authority (the Authority) as set out on pages 3 to 35 are drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 March 2007 and of the results, changes in equity and cash flows of the Authority for the financial year then ended.

On Behalf of the Authority

Prof Low Teck Seng
Acting Chairman

Dr John Lim
Chief Executive Officer

Singapore
26 June 2007

INDEPENDENT AUDITORS' REPORT TO HEALTH SCIENCES AUTHORITY

We have audited the accompanying financial statements of Health Sciences Authority (the "Authority") set out on pages 3 to 35, which comprise the balance sheet of the Authority as at 31 March 2007, the income and expenditure statement, the statement of changes in equity and cash flow statement of the Authority for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements for the financial year ended 31 March 2006 were audited by another auditor whose report dated 23 June 2006 expressed an unqualified opinion on those financial statements.

Management's responsibility for the financial statements

The Authority's management are responsible for the preparation and fair presentation of these financial statements in accordance with the Health Sciences Authority Act (Cap. 122C, 2002 Revised Edition) (the Act) and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

In our opinion,

(i) the financial statements of the Authority are properly drawn up in accordance with the provisions of the 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 2007 and the results, changes in equity and cash flows of the Authority for the year ended on that date; and

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

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

Ernst & Young

ERNST & YOUNG
Certified Public Accountants

26 June 2007

BALANCE SHEET as at 31 March 2007

	Note	2006/2007 $	2005/2006 $ (Restated)
Equity			
Capital account	4	54,268,001	51,115,079
Accumulated surplus/(deficit)		1,848,927	(1,813,962)
Total equity		56,116,928	49,301,117
Represented by:			
Non-current asset			
Property, plant and equipment	5	90,122,739	91,853,803
Intangibles	6	11,960,395	13,273,797
Current assets			
Cash and cash equivalents	7	25,939,882	25,316,428
Trade receivables	8	11,891,961	7,308,510
Grants receivables	9	592,176	395,812
Other receivables	10	67,968	2,173,929
Prepayments		1,348,565	887,702
Inventories	11	1,785,394	1,624,602
		41,625,946	37,706,983
Current liabilities			
Trade payables	12	(9,275,430)	(3,862,307)
Other payables and accruals	13	(7,915,708)	(8,729,558)
Licence fees collected in advance		(3,943,482)	(3,467,441)
Finance lease payable	14	(52,500)	(52,500)
Provision for pension benefits	15	(313,717)	(847,560)
Long-term loans	16	(2,512,690)	(2,512,690)
Grants received in advance:			
Government	17	(4,495,817)	(8,627,928)
Non-government	18	(254,895)	(164,289)
Deferred capital grants and donations	19	(7,009,413)	(6,326,176)
		(35,773,652)	(34,590,449)
Net current assets		5,852,294	3,116,534
Less: Non-current liabilities			
Deferred capital grants and donations	19	(19,222,025)	(24,090,415)
Licence fee collected in advance		(208,064)	(243,286)
Finance lease payable	14	(91,875)	(144,375)
Provision for pension benefits	15	(4,521,157)	(4,176,872)
Long-term loans	16	(27,775,379)	(30,288,069)
		(51,818,500)	(58,943,017)
Net assets		56,116,928	49,301,117

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

INCOME AND EXPENDITURE STATEMENT for the financial year ended 31 March 2007

	Note	2006/2007 $	2005/2006 $
Income			
Laboratory analysis fees		21,608,234	20,716,903
Blood processing fees		19,130,730	17,202,937
Patient laboratory testing fees		1,847,548	2,356,454
Forensic investigation fees		7,354,449	6,468,187
Licensing fees		7,377,623	6,374,846
Professional service fees		1,093,648	1,549,250
Other income	20	1,648,596	1,111,507
		60,060,828	55,780,084
Expenditure			
Staff costs	21	40,935,000	38,447,445
Staff welfare and development		2,220,744	2,240,446
Supplies and services		16,454,761	14,862,214
Rental of premises and equipment		2,425,875	2,468,646
Blood donor expenses		3,436,338	3,234,472
Repairs and maintenance		6,233,006	5,532,613
Depreciation of property, plant and equipment	5	6,079,647	5,306,930
Amortisation of intangible	6	4,356,824	3,949,761
Professional services		3,101,413	2,759,888
Utilities		1,196,097	1,053,304
Transport, postages and communications		1,233,290	1,047,267
Publicity and public relations		178,557	103,737
Finance costs	22	1,214,068	1,298,994
Other operating expenses	23	1,957,027	1,736,732
		91,022,647	84,042,449
Deficit before grants		(30,961,819)	(28,262,365)
Grants			
Government grants	17	27,682,539	20,464,723
Non-government grants	18	177,090	1,525,147
Deferred capital grants amortised	19	6,765,079	6,564,441
		34,624,708	28,554,311
Surplus before statutory contribution to consolidated fund		3,662,889	291,946
Statutory contribution to consolidated fund	24	–	–
Surplus for the year		3,662,889	291,946

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY for the financial year ended 31 March 2007

	Note	Capital Amount $	Accumulated Surplus/ (deficit) $	Total $
Balance as at 31 March 2005		48,124,270	(2,105,908)	46,018,362
Issue of shares to Minister for Finance	4	2,990,809	-	2,990,809
Surplus for the year		-	291,946	291,946
Balance as at 31 March 2006		51,115,079	(1,813,962)	49,301,117
Issue of shares to Minister for Finance	4	3,152,922	-	3,152,922
Surplus for the year		-	3,662,889	3,662,889
Balance as at 31 March 2007		54,268,001	1,848,927	56,116,928

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CASH FLOW STATEMENT for the financial year ended 31 March 2007

	Note	2006/2007 $	2005/2006 $
Cash flows from operating activities:			
Deficit before grants		(30,961,819)	(28,262,365)
Adjustments for:			
Depreciation of property, plant and equipment	5	6,079,647	5,306,930
Amortisation of intangibles	6	4,356,824	3,949,761
Interest income	20	(625,865)	(337,140)
Interest expense	22	1,214,068	1,298,994
Loss on disposal of property, plant and equipment	23	24,657	1,243
Loss on disposal of intangibles	23	178	-
Allowance for doubtful trade receivables	23	10,381	-
Write-off of inventories	23	9,862	11,463
Deficit before working capital changes		(19,892,067)	(18,031,114)
Operating cash flows before working capital changes:			
Increase in trade receivables		(4,593,832)	(1,506,603)
Decrease in other receivables		2,105,961	287,970
Increase in prepayments		(460,863)	(347,255)
Increase in inventories		(170,654)	(175,017)
Increase in trade payables		5,413,123	101,973
(Decrease)/increase in other payables and accruals		(813,850)	2,536,305
(Decrease)/increase in provision for pension benefits		(189,558)	921,234
Increase/(decrease) in licence fee received in advance		440,819	(103,120)
Net cash used in operating activities		(18,160,921)	(16,315,627)
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment		2,092	280
Purchase of property, plant and equipment		(4,375,332)	(5,311,030)
Purchase of intangible		(3,043,600)	(1,788,921)
Interest received		625,865	337,140
Net cash used in investing activities		(6,790,975)	(6,762,531)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CASH FLOW STATEMENT for the financial year ended 31 March 2007

	Note	2006/2007 $	2005/2006 $
Cash flows from financing activities:			
Proceeds from issue of shares to Minister for Finance	4	3,152,922	2,990,809
Repayment of interest-bearing loan		(2,512,690)	(2,512,690)
Interest paid		(1,214,068)	(1,298,994)
Finance lease repayment		(52,500)	(14,948)
Government grants received	17	25,451,176	30,991,753
Non-government grants and donations received	18	505,267	3,538,631
Government grants received	19	245,243	-
Net cash from financing activities		25,575,350	33,694,561
Net increase in cash and cash equivalents		623,454	10,616,403
Cash and cash equivalents at beginning of the year		25,316,428	14,700,025
Cash and cash equivalents at end of the year		25,939,882	25,316,428

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. General

The Health Sciences Authority (the "Authority") is a statutory board established in the Republic of Singapore under the Health Sciences Authority Act 2001 on 1 April 2001 under the purview of the Ministry of Health ("MOH"). As a statutory board, the Authority is subject to the directions of MOH and is required to follow policies and instructions issued from time to time by its supervising ministry and other government ministries and departments such as the Ministry of Finance ("MOF").

The address and principal place of business of the Authority is 11 Outram Road, Singapore 169078. The principal activities of the Authority are:

(a) to regulate the import, manufacture, sale, disposal, transport, storage, possession and use of cosmetics, medicines, medical devices and other health-related products, tobacco products, radioactive materials and irradiating apparatuses;

(b) to conduct technological assessments of medicines, cosmetics, medical devices and other health-related products for the purpose of determining their efficacy, safety and suitability for consumption and use in Singapore and to advise the Government thereon;

(c) to collect and co-ordinate the collection of blood from donors and to test, process and distribute such blood and the related products for the purpose of building and maintaining a safe and adequate national blood supply;

(d) to provide professional, investigative and analytical services in health sciences to the Government and to any other person or body (whether in Singapore or elsewhere);

(e) to conduct or engage any other person to conduct research in health sciences, and generally to promote the development of health sciences; and

(f) to act internationally as the national authority or representative of Singapore in respect of matters related to health sciences.

There have been no significant changes in the nature of these activities during the financial year.

2. Significant accounting policies

2.1 Basis of accounting

The financial statements of the Authority, have been drawn up in accordance with the provisions of the Health Sciences Authority Act (the "Act") (Chapter 122C, 22 Revised Edition) and the Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis.

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

The accounting policies have been consistently applied by the Authority and are consistent with those used in the previous financial year.

2.2 FRS and INT FRS not yet effective

The Authority has not applied the following FRS and INT FRS that have been issued but not yet effective:

No.		Title	Effective date (annual periods beginning on or after)
FRS 1	:	Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)	1 January 2008
FRS 40	:	Investment Property	1 January 2007
FRS 107	:	Financial Instruments: Disclosures	1 January 2008
FRS 108	:	Operating Segments	1 January 2009
INT FRS 108	:	Scope of FRS 102, Share-based Payment	1 May 2006
INT FRS 109	:	Reassessment of Embedded Derivatives	1 June 2006
INT FRS 110	:	Interim Financial Reporting and Impairment	1 November 2006
INT FRS 111	:	Group and Treasury Share Transactions	1 March 2007
INT FRS 112	:	Service Concession Arrangements	1 January 2008

The Authority expects that the adoption of the above pronouncements will not have a significant impact on the financial statements in the period of initial application, except for FRS 107 and the amendment to FRS 1 as indicated below.

FRS 107, Financial Instruments: Disclosures and amendment to FRS 1 (revised), Presentation of financial statements (Capital Disclosures)

2.2 FRS and INT FRS not yet effective (cont'd)

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to FRS 1 requires the Authority to make new disclosures to enable users of the financial statements to evaluate the Authority's objectives, policies and processes for managing capital. The Authority will apply the amendment to FRS 1 and FRS 107 from annual period beginning 1 April 2008

2.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Authority's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The cost of property, plant and equipment and intangibles for the operations of the Authority is depreciated on a straight-line basis over the useful lives. Management estimates the useful lives of these property, plant and equipment and intangibles to be within 5 to 60 years and within 3 to 5 years respectively. These are common life expectancies applied in this industry. The carrying amount of the Authority's property, plant and equipment and intangibles at 31 March 2007 was $90,122,739 (2005: $91,853,803) and $11,960,395 (2005: $13,273,797) respectively. 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.

2.3 Significant accounting estimates and judgements (cont'd)

(b) Critical judgements made in applying accounting policies

The judgement made by management in the process of applying the Authority's accounting policies that have the most significant effect on the amounts recognised in the financial statements is discussed below.

Impairment of financial assets

The Authority follows the guidance of FRS 39 on determining when a financial asset is other-than-temporary impaired. This determination requires significant judgement. The Authority evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost; and the financial health of and near-term business outlook for the financial asset, including factors such as industry performance, changes in technology and operational and financing cash flow.

2.4 Functional and foreign currency

Foreign currency transactions

Transactions in foreign currencies are measured in SGD, the functional currency of the Authority and are recorded on initial recognition in SGD at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income and expenditure statement.

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

2.5 Property, plant and equipment (cont'd)

The initial cost of fixed assets comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the income and expenditure statement in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of fixed asset.

In general, plant and equipment costing less than $2,000 each, are charged to the income and expenditure statement in the year of purchase.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold land and building	60 years (based on lease period)
Building improvements	20 years (based on useful life of asset)
Computer hardware	3 to 5 years
Motor vehicles	10 years
Scientific and medical equipment	5 years
Other equipment, furniture and fittings	5 to 10 years

Assets under construction included in plant and equipment are not depreciated as these assets are not available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income and expenditure statement in the year the asset is derecognised.

Fully depreciated assets still in use are retained in the financial statements.

2.6 Intangibles

Intangible assets acquired, which comprise of computer software development costs, are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation of intangibles is calculated on the straight-line method to write-off the costs over their estimated useful lives of 3 to 5 years. The amortisation expense on intangible assets is recognised in the income and expenditure statement through the 'amortisation of intangible assets' line item.

The carrying value of intangibles is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2.7 Impairment of non-financial assets

The Authority assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Authority makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the income and expenditure statement as 'other operating expenses'.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the income and expenditure statement.

2.8 Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Authority becomes a party to the contractual provisions of the financial instrument.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognised at fair value, plus directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method. Gains and losses are recognised in the income and expenditure statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Authority classifies the following financial assets as loans and receivables:

- Cash and short term deposits
- Trade, grants and other receivables.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held with banks, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and short term deposits carried in the balance sheet are classified and accounted for as loans and receivables under FRS 39. The accounting policy is stated in Note 2.8.

2.10 Trade and other receivables

Trade and other receivables, including amounts due from related parties, are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.8.

An allowance is made for uncollectible amounts when there is an objective evidence that the Authority will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.12 below.

2.11 Inventories

Inventories are stated at the lower of cost (first-in first-out method) and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2.12 Impairment of financial assets

The Authority assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the income and expenditure statement.

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

2.13 Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in the income and expenditure statement.

2.14 Financial Liabilities

Financial liabilities include trade payables, other payables and accruals, which are normally settled on 30 day terms, and loan payable and payables to related parties. Financial liabilities are recognised on the balance sheet when, and only when, the Authority becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income and expenditure statement when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

2.15 Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) where, 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 can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying benefits will be required to settle the obligation, the provision is reversed.

2.16 Employee benefits

(a) Defined contribution plans

The Authority makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

(b) Defined benefit pension plan

The Authority operates unfunded defined benefit schemes for certain employees under the provisions of the Pension Act (Chapter 225).

Following the Civil Service Pension Fund's (CSPF) decision to decentralise the management of the Government Pension Fund, the Authority assumed the responsibility of managing the pension entitlements of certain officers from 1 April 2001. These officers are those who did not opt for the CPF scheme launched in 1955 and continued to be entitled to pension benefits under the CSPF scheme.

Upon retirement, the pension entitlements of these officers will be met by both CSPF and the Authority in proportion to their length of service before and after the establishment of the Authority on 1 April 2001. Accordingly, pension payable to pensionable officers prior to 1 April 2001 are excluded in arriving at the Authority's pension liabilities.

2.16 Employee benefits (cont'd)

Retirement benefits for these employees are assessed using the projected unit credit actuarial valuation method. The cost of providing for retirement benefits is charged to the income and expenditure statement so as to spread the regular cost over the service lives of employees in accordance with the actuarial valuation carried out during the year. The provision for retirement benefit is measured as the present value of the estimated future cash outflows using interest rates of Singapore Government Securities which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses are recognised in the year these gains and losses arise. Such benefits are unfunded. The expenses relating to pension are included as part of staff costs.

(c) Employee leave entitlement

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

2.17 Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

2.18 Leases

Finance leases, which transfer to the Authority substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income and expenditure statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Authority will obtain ownership by the end of the lease term.

2.18 Leases (cont'd)

Operating lease payments are recognised as an expense in the income and expenditure statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.19 Income recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured. The following criteria must also be met before revenue is recognised:

(a) Income from the rendering of services that are of a short duration, such as laboratory analysis fees, patient laboratory testing fees, forensic investigating fees and professional services fees are recognised when the services are completed.

(b) Income from blood processing fees are recognised when the processed blood products are used by the hospitals.

(c) Licence fees income are recognised on an accrual basis over the licence period.

(d) Fines and forfeitures are recognised on an accrual basis.

(e) Interest income is accrued on a time proportionate basis, by reference to principal outstanding and at the interest rates applicable, on an effective yield basis.

2.20 Statutory contribution to consolidated fund

In lieu of income tax, the Authority is required to make contribution to the Consolidated Fund based on the net surplus of the Authority (before donations) for the financial year adjusted for any accumulated deficits carried forward from the years that the Authority was under the contribution framework. The contribution rate used to compute the amount is pegged to the prevailing corporate tax rate that have been enacted or substantively enacted by the balance sheet date.

2.21 Deferred assets

Deferred assets are recognised for carry-forward of unused accumulated deficits, to the extent that it is probable that future surpluses will be available against which the carry-forward of unused accumulated deficits can be utilised.

The carrying amount of deferred assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future surpluses will be available to allow all or part of the deferred asset to be utilised. Unrecognised deferred assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future surpluses will allow the deferred asset to be recovered.

Deferred assets and liabilities are measured at the contribution rates that are expected to apply to the year when the asset is realised or the liability is settled, based on contribution rates that have been enacted or substantively enacted at the balance sheet date.

2.22 Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.23 Grants

Government grants receivable are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants to meet the current year's operating expenses are recognised as income in the financial year in which the operating expenses are incurred.

2.23 Grants (cont'd)

Government grants and contributions from other organisations utilised for the purchase/construction of depreciable assets are taken to the deferred capital grants account.

Deferred capital grants are recognised in the income and expenditure statement over the period necessary to match the depreciation of the assets purchased with the related grants. Upon disposal of property, plant and equipment, the balance of the related deferred capital grants is recognised in the income and expenditure statement to match the net book value of the assets written-off.

2.24 Related parties

Related parties in these financial statements include other Government ministries, statutory boards and restructured hospitals.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be ministries or statutory boards.

The significant transactions between the Authority and other Government ministries, statutory boards and restructured hospitals are disclosed in other parts of the notes to the financial statements.

3. Prior year adjustment

In the previous financial year, the Authority capitalised the input goods and services tax (GST) for the leasehold land and building. During the year, the Inland Revenue Authority of Singapore (IRAS) approved the claim of the input GST of $2,056,582 using an input tax apportionment formula. The Authority accordingly adjusted the carrying value of the leasehold land and building by the same amount. In accordance with FRS 8 Accounting policies; change in accounting estimates and error, the adjustment of the input GST has been accounted for retrospectively and the comparative for 2005/2006 has been restated accordingly.

	As previously reported 2005/2006 $	As restated 2005/2006 $
Property, plant and equipment	93,910,385	91,853,803
Other receivables	117,347	2,173,929

4. Capital account

	Number of shares 2006/2007	Number of shares 2005/2006	2006/2007 $	2005/2006 $
Issued and paid up:				
At 1 April	51,115,079	48,124,270	51,115,079	48,124,270
Issued during the year	3,152,922	2,990,809	3,152,922	2,990,809
At 31 March	54,268,001	51,115,079	54,268,001	51,115,079

This consists of shares issued to the Minister for Finance as part of the debt-equity financing framework under Finance Circular Minute No. M53/2003.

The leasehold land and building and other operating assets were transferred at net book value to the Authority when it was formed. The values of these assets were settled by interest-bearing loans and the remaining by way of equity injection from the Minister of Finance.

5. Property, plant and equipment

	Leasehold land and building $	Building improve-ments $	Computer hardware $	Motor vehicles $	Scientific and medical equipment $	Other equipment, furniture and fittings $	Work-in progress $	Total $
Cost:								
At 1 April 2006	68,138,028	11,561,551	2,820,130	116,106	21,684,787	7,643,093	489,641	112,453,336
Additions	-	-	132,693	-	1,836,585	185,317	2,220,737	4,375,332
Disposals	-	-	(510,277)	-	(1,257,958)	(74,990)	-	(1,843,225)
Transfer from work-in-progress	-	658,940	-	-	630,705	1,211,744	(2,501,389)	-
Reclassification	(927,000)	(262,676)	-	-	-	1,189,676	-	-
At 31 March 2007	67,211,028	11,957,815	2,442,546	116,106	22,894,119	10,154,840	208,989	114,985,443
Accumulated depreciation:								
At 1 April 2006	1,267,403	1,247,250	2,485,820	86,270	13,273,848	2,238,942	-	20,599,533
Depreciation for the year	1,083,050	592,165	220,823	6,069	3,040,927	1,136,613	-	6,079,647
Disposals	-	-	(510,277)	-	(1,252,023)	(54,176)	-	(1,816,476)
Reclassification	(16,737)	(22,984)	-	-	-	39,721	-	-
At 31 March 2007	2,333,716	1,816,431	2,196,366	92,339	15,062,752	3,361,100	-	24,862,704
Carrying amount:								
At 31 March 2007	64,877,312	10,141,384	246,180	23,767	7,831,367	6,793,740	208,989	90,122,739
At 1 April 2006	66,870,625	10,314,301	334,310	29,836	8,410,939	5,404,151	489,641	91,853,803

The carrying amount of scientific and medical equipment held under finance leases as at 31 March 2007 was $154,000 (2006: $196,000)

5. Property, plant and equipment (cont'd)

	Leasehold land and building $	Building improvements $	Computer hardware $	Motor vehicles $	Scientific and medical equipment $	Other equipment, furniture and fittings $	Work-in progress $	Total $
Cost:								
At 1 April 2005	70,194,610	9,864,635	3,082,433	61,766	17,827,556	5,826,923	2,591,362	109,449,285
Prior year adjustments (Note 3)	(2,056,582)	-	-	-	-	-	-	(2,056,582)
Restated balance as at								
1 April 2005	68,138,028	9,864,635	3,082,433	61,766	17,827,556	5,826,923	2,591,362	107,392,703
Additions	-	13,120	113,560	-	1,278,768	142,875	3,974,530	5,522,853
Adjustments and reclassification	-	-	-	54,340	4,950	(4,950)	-	54,340
Disposals	-	-	(411,764)	-	(61,136)	(43,660)	-	(516,560)
Transfer from work-in-progress	-	1,683,796	35,901	-	2,634,649	1,721,905	(6,076,251)	
At 31 March 2006	68,138,028	11,561,551	2,820,130	116,106	21,684,787	7,643,093	489,641	112,453,336
Accumulated depreciation:								
At 1 April 2005	116,991	714,466	2,627,629	25,861	10,846,283	1,422,070	-	15,753,300
Adjustments and reclassification	-	-	-	54,340	638	(638)	-	54,340
Depreciation for the year	1,150,412	532,784	269,950	6,069	2,487,313	860,402	-	5,306,930
Disposals	-	-	(411,759)	-	(60,386)	(42,892)	-	(515,037)
At 31 March 2006	1,267,403	1,247,250	2,485,820	86,270	13,273,848	2,238,942	-	20,599,533
Carrying amount:								
At 31 March 2006	66,870,625	10,314,301	334,310	29,836	8,410,939	5,404,151	489,641	91,853,803
At 1 April 2005	68,021,037	9,150,169	454,804	35,905	6,981,273	4,404,853	2,591,362	91,639,403

6. Intangibles

	Computer software $	Work-in progress $	Total $
Cost:			
At 1 April 2005	19,315,244	1,662,174	20,977,418
Additions	154,595	1,634,326	1,788,921
Transfer from work-in-progress	1,001,339	(1,001,339)	-
At 1 April 2006	20,471,178	2,295,161	22,766,339
Additions	124,476	2,919,124	3,043,600
Disposals	(118,867)	-	(118,867)
Transfer from work-in-progress	4,396,320	(4,396,320)	-
At 31 March 2007	24,873,107	817,965	25,691,072
Accumulated amortisation:			
At 1 April 2005	5,542,781	–	5,542,781
Amortisation for the year	3,949,761	–	3,949,761
At 1 April 2006	9,492,542	–	9,492,542
Amortisation for the year	4,356,824	–	4,356,824
Disposals	(118,689)	–	(118,689)
At 31 March 2007	13,730,677	–	13,730,677
Carrying amount:			
At 31 March 2007	11,142,430	817,965	11,960,395
At 1 April 2006	10,978,636	2,295,161	13,273,797

7. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following as at 31 March:

	2006/2007 $	2005/2006 $
Cash at banks and in hand	20,503,924	4,225,692
Fixed deposits	5,435,958	21,090,736
	25,939,882	25,316,428

Cash at banks earns interest at floating rates based on daily bank deposit rates of 0.19% per annum (2005/2006: 0.16%) per annum. Fixed deposits are made for varying periods of between one week and three months depending on the immediate cash requirements of the Authority, and earn interests at the respective short-term deposit rates ranging from 2.66% to 3.50% per annum (2005/2006: 1.31% to 3.50%) per annum.

8. Trade receivables

	2006/2007 $	2005/2006 $
Trade receivables	2,957,872	1,530,448
Amounts due from related parties (trade) (Note 26)	8,944,470	5,778,062
	11,902,342	7,308,510
Allowance for doubtful receivables:		
- Trade receivables	(10,381)	-
	11,891,961	7,308,510

Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Related parties receivables

Amounts due from related parties are non-interest bearing, unsecured and repayable on invoice due date.

8. Trade receivables (cont'd)

Allowance for doubtful receivables

For the year ended 31 March 2007, an impairment loss of $10,381 (2005/2006: Nil) was recognised in the income and expenditure statement subsequent to a debt recovery assessment performed on trade receivables and amounts due from related parties.

9. Grants receivables

	2006/2007 $	2005/2006 $
Grants receivable - Government (Note 17)	592,176	197,014
Grants receivable - Non-government (Note 18)	–	198,798
	592,176	395,812

10. Other receivables

	2006/2007 $	2005/2006 $
Other receivables	40,020	117,347
Advances to staff	27,948	–
GST recoverable	–	2,056,582
	67,968	2,173,929

Advances to staff are festive advances which are interest-free and unsecured. The amounts are repayable over 2 months via deductions from the staff salaries.

11. Inventories

	2006/2007 $	2005/2006 $
Gases, laboratory and medical supplies, at lower of cost and net realisable value	1,785,394	1,624,602

During the financial year, the Authority wrote-down $9,862 (2005/2006: $11,463) of inventories which are recognised as expense in the income and expenditure statement.

12. Trade payables

	2006/2007 $	2005/2006 $
Trade payables	8,825,338	3,424,299
Amount due to related parties (trade) (Note 26)	450,092	438,008
	9,275,430	3,862,307

Trade payables

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

Related parties payables

Amounts due to related parties are non-interest bearing and are repayable on invoice due date. These amounts are unsecured and are to be settled in cash.

13. Other payables and accruals

	2006/2007 $	2005/2006 $
Advances from customers	66,465	59,406
Accrued employees' benefits	4,586,305	4,173,115
GST payable	418,112	270,477
Refundable security deposits	68,258	66,408
Accrued operating expenses	2,776,568	4,160,152
	7,915,708	8,729,558

14. Finance lease payable

The Authority has finance lease for a science and medical equipment, which expires in 23 December 2009. There are no restrictions placed upon the Authority by entering into these leases. The average discount rate implicit in the leases is 6.52% (2005/2006: 6.52%) per annum.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Minimum lease payments 2006/2007 $	Present value of payments 2006/2007 $	Mininum lease payments 2005/2006 $	Presents values of payments 2005/2006 $
Not later than one year	59,790	52,500	59,790	52,500
Later than one year but not later than five years	104,633	91,875	164,423	144,375
Total minimum lease payments	164,423	144,375	224,213	196,875
Less: Amounts representing finance charges	(20,048)	-	(27,338)	-
Present value of minimum lease payments	144,375	144,375	196,875	196,875

15. Provision for pension benefits

The Authority operates an unfunded defined retirement benefit plan for certain employees under the provisions of the Pension Act (Chapter 225). Benefits are payable based on the last drawn salaries of the respective employees and the employees' cumulative service period served with the Authority at the time of retirement.

Movement in the liability recognised in the balance sheet

	2006/2007 $	2005/2006 $
Balance at the beginning of financial year	5,024,432	4,103,198
Expense for the year (Note 21)	1,296,450	1,284,883
Retirement benefits paid	(1,486,007)	(363,649)
Balance at end of financial year	4,834,875	5,024,432
Represented by:		
- Current	313,717	847,560
- Non-current	4,521,157	4,176,872
	4,834,874	5,024,432

The amounts recognised in the income and expenditure statement are as follows:

	2006/2007 $	2005/2006 $
Current service cost	952,253	1,204,523
Interest cost	103,463	80,360
Additional provision for the year	240,734	-
Total included in staff costs (Note 21)	1,296,450	1,284,883

The principal assumptions used in determining the Authority's pension obligations are as follows:

(a) All pensioners under the pension scheme will retire at the exact age of 62 and opt for fully commuted gratuity on retirement.

(b) The discount rate of the pension fund is 3.0% (2005/2006: nil%) per annum.

(c) The average expected rate of salary increases is at 2.4% (2005/2006: 2.4%) per annum depending on the pensionable officer's position and rank.

(d) During the year, a provision of S$240,734 was made for 3 eligible officers who exercised the option to return to the pension scheme as offered by the government.

Pension payable to pensionable officers prior to the establishment of the Authority on 1 April 2001 will be borne by Ministry of Health and is excluded from the amount stated above.

16. Long-term loans

	Interest Rates (p.a.)	Maturity	2006/2007 $	2005/2006 $
Loans from Ministry of Finance				
- 15 years	3.86%	2020	25,480,000	26,390,000
- 5 years	3.46%	2010	4,808,069	6,410,759
			30,288,069	32,800,759

Represented by amounts payable as follows:

	2006/2007 $	2005/2006 $
Current	2,512,690	2,512,690
Non-current	27,775,379	30,288,069
Total	30,288,069	32,800,759

On 23 March 2005, the Ministry of Finance granted the Authority a loan facility of $27,300,000 for 15 years to finance the purchase of land and building and a loan facility of $8,013,449 for 5 years to finance the purchase of operating assets that were transferred from Ministry of Health as at 31 March 2005.

The loan is unsecured and repayable from the date of the first drawdown of the loan on 31 March 2005.

The interest rates per annum were fixed at the commencement of the loan, at a premium of 0.9% and 0.5% to finance the purchase of land and building and to finance the purchase of operating assets respectively, determined by the Ministry of Finance above the Daily Average 10-year Singapore Government Securities Yield.

17. Grants receivable/(received in advance) – Government

	2006/2007 $	2005/2006 $
Balance at the beginning of financial year	8,430,914	703,349
Receipts during the year	25,451,176	30,991,753
Amount transferred to deferred capital grants and donations (Note 19)	(2,295,910)	(2,799,465)
Amount transferred to income and expenditure statement	(27,682,539)	(20,464,723)
Balance at end of financial year	3,903,641	8,430,914
Grants receivable (Note 9)	592,176	197,014
Grants received in advance	(4,495,817)	(8,627,928)

Grants are received mainly from Ministry of Health and other Ministry of Finance specific programmes and the development and purchase of depreciable assets of the Authority.

Grants transferred to deferred capital grants and donations comprise primarily of amounts incurred for purchase of depreciable assets and assets under construction-in-progress.

18. Grants receivable/(received in advance) – Non-Government

	2006/2007 $	2005/2006 $
Balance at the beginning of financial year	(34,509)	(1,293,158)
Receipts during the year	505,267	3,538,631
Amount transferred to deferred capital grants and donations (Note 19)	(38,773)	(754,835)
Amount transferred to income and expenditure statement	(177,090)	(1,525,147)
Balance at end of financial year	254,895	(34,509)
Grants receivable (Note 9)	-	198,798
Grants received in advance	(254,895)	(164,289)

Grants are received mainly from other agencies to finance specific programmes of the Authority.

19. Deferred capital grants and donations

	2006/2007 $	2005/2006 $
Balance at the beginning of financial year	30,416,591	33,426,732
Amount transferred from grants received in advance		
- Government	2,295,910	2,799,465
- Non-government	38,773	754,835
Donation received during the year	245,243	–
	32,996,517	36,981,032
Less:		
Amount transferred to income and expenditure statement to match depreciation and amortisation of related assets and intangibles	(6,765,079)	(6,564,441)
Balance at end of financial year	26,231,438	30,416,591
Current liability	7,009,413	6,326,176
Non-current liability	19,222,025	24,090,415
	26,231,438	30,416,591

Deferred capital grants and donations are government grants and donations from third parties received for the purchase or the construction of depreciable assets and it represents an obligation on the part of the Authority to use and maintain the fixed assets over the rest of the useful lives. These grants will be amortised to the income and expenditure statement over the useful lives of the related assets.

20. Other income

	2006/2007 $	2005/2006 $
Rental income	4,200	3,300
Interest income	625,865	337,140
Fines and forfeitures	351,002	370,880
Foreign currency exchange (loss)/gain	(25,722)	13,995
Sponsorship income	314,865	–
Others	378,386	386,192
	1,648,596	1,111,507

Sponsorship income is received mainly for the Blood Bank 60th Anniversary.

21. Staff costs

	2006/2007 $	2005/2006 $
Employee benefits expense (including key management personnel):		
Defined pension benefit plan (Note 15)	1,296,450	1,284,883
Salaries, allowances and bonuses	36,246,402	33,855,226
Defined contribution plans	3,315,680	3,240,457
Other employee benefits	76,468	66,879
	40,935,000	38,447,445

Compensation of key management personnel

	2006/2007 $	2005/2006 $
Defined pension benefit plan	648,313	153,321
Salaries, bonuses and allowances	2,027,230	2,161,099
Defined contribution plans	51,540	44,609
Short-term employee benefits	7,809	7,500
Total compensation paid to key management personnel	2,734,892	2,366,529

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.

22. Finance costs

	2006/2007 $	2005/2006 $
Interest expense on long-term loans	1,206,778	1,297,171
Finance charges payable under finance leases	7,290	1,823
	1,214,068	1,298,994

23. Other operating expenses

The following items have been included in arriving at other operating expenses:

	2006/2007 $	2005/2006 $
Board members' allowance	60,000	67,500
Write-off of inventories	9,862	11,463
Loss on disposal of property, plant and equipment	24,657	1,243
Allowance for doubtful receivables	10,381	–
Loss on disposal of intangibles	178	–

24. Statutory contribution to consolidated fund

In lieu of income tax, the Authority is required to make a contribution to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A) and in accordance with the Finance Circular Minute No M5/2005.

The annual contribution to consolidated fund is made based on the prevailing statutory contribution rate of 20% for the year of assessment 2007 (2005/2006: 20%).

Relationship between contribution to consolidated fund and accounting surplus for the year

A reconciliation between contribution to consolidated fund and the product of accounting surplus before contribution to consolidated fund multiplied by the applicable contribution rate for the years ended 31 March 2007 and 2006 is as follows:

	2006/2007 $	2005/2006 $
Surplus before contribution to consolidated fund	3,662,889	291,946
Contribution at rates applicable to the surplus of 20% (2005/2006: 20%)	732,578	58,389
Adjustments for:		
Benefits from previously unrecognised accounting deficit brought forward and excess contributions	(732,578)	(58,389)
Contribution to consolidated fund recognised in the income and expenditure statement	–	–

24. Statutory contribution to consolidated fund (cont'd)

There is no contribution to the Consolidated Fund for the current financial year as the accounting surplus has been fully offset against the accounting deficit brought forward and excess contributions made in prior years.

The Authority has excess contributions from prior year of approximately $231,651 that are available for offset against future surpluses of the Authority, for which no deferred asset is recognised due to uncertainty of its recoverability.

25. Commitments and contingencies

(a) Capital commitments

Capital expenditure contracted for as at balance sheet date but not recognised in the financial statements is as follows:

	2006/2007 $	2005/2006 $
Estimated amounts approved and contracted for in respect of future capital expenditure but not provided for	4,610,497	283,518

(b) Operating lease commitments

The Authority has entered into operating leases for rental of premises and equipment. These leases have an average life of between 1 and 6 years. There are no restrictions placed upon the Authority by entering into these leases. Operating lease payments recognised in the income and expenditure statement during the year amounted to $2,425,875 (2005/2006: $2,468,646).

Future minimum lease payments payable under these operating leases as at 31 March are as follows:

	2006/2007 $	2005/2006 $
Not later than one year	2,026,345	2,043,446
Later than one year but not later than five years	3,150,867	4,665,156
	5,177,212	6,708,602

26. Significant related party transactions

(a) Significant related party transactions

The Authority is a statutory board incorporated under the Health Sciences Authority Act. As a statutory board, all Government ministries, departments, statutory boards and restructured hospitals are deemed as related parties. Other than statutory charges and transactions disclosed elsewhere in the financial statements, the Authority has significant transactions with its supervisory ministry, Ministry of Health, and other related parties listed below:

	2006/2007 $	2005/2006 $
Income received from related parties		
Ministry of Home Affairs	22,262,044	19,932,570
Ministry of Defence	611,750	440,948
Restructured hospitals	16,174,082	16,516,300
Agri-food & Veterinary Authority	4,597,926	5,107,166
Purchase made with and reimbursement to related parties		
Restructured hospitals	2,420,962	2,071,369
Ministry of Health	568,523	1,051,819
Auditor-General Office	105,000	-
Infocomm Development Authority of Singapore	1,073,139	144,245
Inland Revenue of Singapore	923,978	11,641
National Library Board	104,160	-
Other ministries and statutory boards	909,944	819,085
Others		
Interest expense to Ministry of Finance	1,206,778	1,297,171
Staff costs to Ministry of Health	1,204,113	1,382,378

(b) Significant related party balances

The significant account balances as at 31 March that the Authority has in relation to related parties are listed below:

	2006/2007 $	2005/2006 $
Amount due from:		
Restructured hospitals	6,580,786	3,208,169
Agri-food & Veterinary Authority	324,585	495,795
Ministry of Defence	134,511	49,489
Ministry of Home Affairs	1,897,655	2,006,058
Other ministries and statutory boards	6,933	18,551
	8,944,470	5,778,062
Amount due to:		
Restructured hospitals	318,386	203,788
Ministry of Health	20,519	112,847
Other ministries and statutory boards	111,187	121,373
	450,092	438,008

27. Financial risk management objectives and policies

The Authority's principal financial instruments comprise of cash, short term deposits and long term loans. The main purpose of these financial instruments is to finance the Authority's operations. The Authority has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Authority does not hold or issue derivative financial instruments for trading purposes.

The main risks arising from the Authority's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Authority reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Interest rate risk

The Authority's exposure to changes in interest rates relates primarily to the Authority's interest-bearing loans and fixed deposits. Funding requirements are regularly reviewed so that cash in excess of short term operating requirements are placed in fixed deposits to maximise returns. Information on interest rates exposure is disclosed in Notes 7 and 16.

(b) Foreign currency risk

The Authority does not have any material foreign exchange risk as its operations are substantially transacted in, Singapore dollars.

(c) Credit risk

The Authority's credit risk is primarily attributable to its cash and cash equivalents, trade receivables and other receivables. The Authority places its cash and cash equivalents with credit-worthy financial institutions. The credit risk with respect to receivables is low as the Authority deals with credit-worthy organisations such as government bodies and hospitals. In addition, receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is not significant.

The Authority has no significant concentration of credit risk. Trade receivables are spread over a large base of organisations.

The maximum credit risk that the Authority is exposed to is represented by carrying amounts of its financial assets as stated in the balance sheet.

27. Financial risk management objectives and policies (cont'd)

(d) Liquidity risk

The Authority funds its operations through a mix of internally-generated funds, government and non-government grants. The Authority regularly reviews its liquidity reserves, comprising cash flows from its operations and government grants, to ensure sufficient liquidity is maintained at all times. The Authority relies on the Government to fund a significant part of its operations. The framework for funding of the Authority's operations is reviewed with the Ministry of Health on a regular basis. For funding of capital projects under the debt-equity financing framework, the Authority has established an adequate amount of committed credit facilities to meet future funding needs. Under Finance Circular Minute No M53/2003, the Ministry of Finance undertakes to act as the lender of last resort to the Authority for its funding requirements.

28. Financial instruments

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximates fair value

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, current trade and other payables, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

The finance lease payable and loans payable to Ministry of Finance ("MOF") are carried at amortised cost in the balance sheet. Their fair values are disclosed in the following table:

	Carrying amount		Fair value	
	2006/2007	**2005/2006**	**2006/2007**	**2005/2006**
	$	**$**	**$**	**$**
Finance lease payable	144,375	196,875	151,955	201,626
Loan payable to MOF	30,288,069	32,800,759	29,807,460	32,261,716

The fair value of the loan payable to Ministry of Finance is estimated using the discounted cash flow analysis based on prime rate of borrowings in the market.

29. Comparatives

The financial statements for the year ended 31 March 2006 were audited by another auditor. The following comparative figures as at 31 March 2006 have been reclassified to conform to the current year's presentation.

	As previously reported 2005/2006 $	As restated 2005/2006 $
Non-current asset		
Property, plant and equipment	105,127,600	91,853,803
Intangibles	–	13,273,797
Current liabilities		
Other payables and accruals	(12,196,999)	(8,729,558)
Licence fees collected in advance	–	(3,467,441)
Deferred capital grants and donations	–	(6,326,176)
Non-current liabilities		
Deferred capital grants and donations	(30,416,591)	(24,090,415)

30. Subsequent event

Pursuant to the Radiation Protection Act 2007 passed by Parliament on 21 May 2007 and assented to by the President on 1 June 2007, the Centre for Radiation Protection ("CRP") will be transferred to the National Environment Agency ("NEA") with effect from 1 July 2007 and to be renamed as the Centre for Radiation Protection and Nuclear Science ("CRPNS"). The transfer is to build up Singapore's institutional and human resource capabilities in the areas of nuclear science, security and emergency response. By consolidating these related responsibilities which are currently separately administered by the Authority and NEA, the move will avoid duplication of resources as well as enhance coordination in technical issues relating to radiation and nuclear science.

30. Subsequent event (cont'd)

As at 31 March 2007, the net carrying amount of the transferable assets and liabilities, which include plant and equipment, intangibles and licence fees collected in advance, is as follows:

	$
Plant and equipment	474,161
Intangibles	34,861
Deferred capital grants and donations	(255,213)
Non-current portion of licence fee collected in advance	(172,588)
Current portion of licence fee collected in advance	(1,740,710)
	(1,659,489)

The consideration for the transfer is estimated to be the net carrying amount of these assets and liabilities belonging to CRP as at the date of transfer.

31. Authorisation of financial statements

The financial statements of the Authority for the year ended 31 March 2007 were authorised for issue by the members of its Board on 26 June 2007.