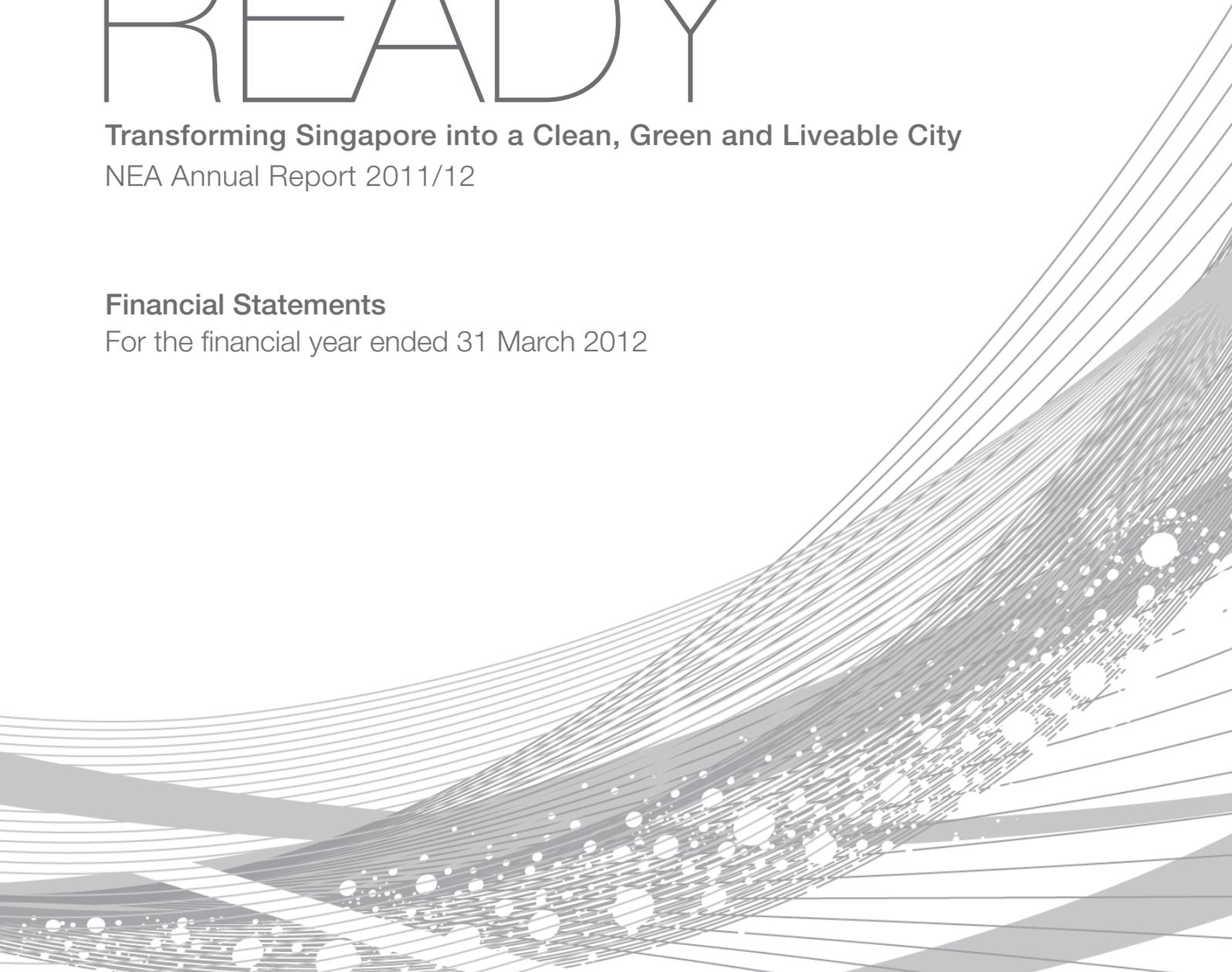


# FUTURE READY

**Transforming Singapore into a Clean, Green and Liveable City**  
NEA Annual Report 2011/12

## **Financial Statements**

For the financial year ended 31 March 2012



**National Environment Agency**  
*(Established under the National Environment Agency Act)*

Audited Financial Statements  
For the financial year ended 31 March 2012

## National Environment Agency

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**National Environment Agency**

**Independent Auditors' Report  
For the financial year ended 31 March 2012**

**To the Members of National Environment Agency**

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**Report on the Financial Statements**

We have audited the accompanying financial statements of National Environment Agency (the "Agency"), which comprise the balance sheet as at 31 March 2012, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the National Environment Agency Act (the "Act") and Statutory Board Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency'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 Agency's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards and so as to present fairly, in all material respects, the state of affairs of the Agency as at 31 March 2012 and of the results, changes in equity and cash flows of the Agency for the year then ended on that date.

**National Environment Agency**

**Independent Auditors' Report  
For the financial year ended 31 March 2012**

**To the Members of National Environment Agency**

---

**Report on other legal and regulatory requirements**

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

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

***Auditors' responsibility***

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

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

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

***Opinion***

In our opinion:

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



Ernst & Young LLP

Public Accountants and  
Certified Public Accountants  
Singapore

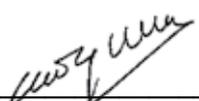
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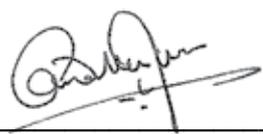
## National Environment Agency

### Statement of Comprehensive Income For the financial year ended 31 March 2012

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	Note	2011/2012 \$	2010/2011 \$
<b>Income</b>			
Management fees	4	40,958,633	37,840,805
Service fees		16,848,455	17,145,840
Regulatory charges		9,543,826	26,096,180
Interest income from banks		1,413,890	1,253,525
Other operating income		1,831,650	1,684,546
		<u>70,596,454</u>	<u>84,020,896</u>
Less:			
<b>Expenditure</b>			
Staff costs	5	190,705,272	194,859,958
Maintenance, services and supplies	6	274,351,750	266,955,226
Upgrading and improvement		20,861,392	26,547,983
Public education expense		18,409,466	19,999,415
Depreciation of property, plant and equipment		11,249,082	10,488,818
Rental of office and equipment		12,826,884	11,969,924
Finance expense	7	1,205,695	1,343,306
Other operating expenditure	8	20,014,583	17,251,477
		<u>549,624,124</u>	<u>549,416,107</u>
<b>Operating deficit before Government grants</b>		<b>(479,027,670)</b>	<b>(465,395,211)</b>
Add: Government grants	9	<u>467,825,515</u>	<u>471,328,091</u>
(Deficit)/Surplus before Contribution to the Consolidated Fund		<b>(11,202,155)</b>	5,932,880
Contribution to the Consolidated Fund	10	<u>—</u>	<u>(1,008,590)</u>
<b>Net (deficit)/surplus for the financial year, representing total comprehensive income for the financial year</b>		<b><u>(11,202,155)</u></b>	<b><u>4,924,290</u></b>

  
Ms Chew Gek Khim  
Chairman

  
Mr Andrew Tan  
Chief Executive Officer

Date: 29 June 2012

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

**National Environment Agency**

**Balance Sheet  
As at 31 March 2012**

	Note	At 31 March 2012 \$	At 31 March 2011 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	<b>204,554,783</b>	243,960,170
Trade and other receivables	12	<b>39,044,558</b>	37,030,417
Consumables	13	<b>23,094,776</b>	22,012,632
		<u><b>266,694,117</b></u>	<u>303,003,219</u>
<b>Non-current assets</b>			
Property, plant and equipment	14	<b>57,088,349</b>	53,236,632
<b>Total assets</b>		<u><b>323,782,466</b></u>	<u>356,239,851</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	<b>114,531,456</b>	117,062,958
Payable to the Ministry of the Environment and Water Resources	16	<b>34,675,422</b>	47,884,854
Loan from Government	17	<b>3,646,667</b>	3,646,666
Provision for pensions and death gratuities	18	<b>2,261,998</b>	1,984,750
Provision for Contribution to the Consolidated Fund	10	<b>—</b>	1,008,590
		<u><b>155,115,543</b></u>	<u>171,587,818</u>
<b>Non-current liabilities</b>			
Loan from Government	17	<b>25,526,667</b>	29,173,334
Provision for pensions and death gratuities	18	<b>12,479,167</b>	12,997,238
Deferred capital grants	19	<b>1,425,253</b>	2,043,470
		<u><b>39,431,087</b></u>	<u>44,214,042</u>
<b>Total liabilities</b>		<u><b>194,546,630</b></u>	<u>215,801,860</u>
<b>NET ASSETS</b>		<u><b>129,235,836</b></u>	<u>140,437,991</u>
<b>EQUITY</b>			
Share capital	20	<b>41,301,000</b>	41,301,000
Accumulated surplus		<b>87,934,836</b>	99,136,991
		<u><b>129,235,836</b></u>	<u>140,437,991</u>

  
\_\_\_\_\_  
Ms Chew Gek Khim  
Chairman

  
\_\_\_\_\_  
Mr Andrew Tan  
Chief Executive Officer

Date: 29 June 2012

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

**National Environment Agency**

**Statement of Changes in Equity  
For the financial year ended 31 March 2012**

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	<b>Share capital</b>	<b>Accumulated surplus</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance 1 April 2011</b>	<b>41,301,000</b>	<b>99,136,991</b>	<b>140,437,991</b>
Total comprehensive income for the financial year	–	(11,202,155)	(11,202,155)
<b>Balance as at 31 March 2012</b>	<b>41,301,000</b>	<b>87,934,836</b>	<b>129,235,836</b>
<b>Balance 1 April 2010</b>	<b>41,301,000</b>	<b>94,212,701</b>	<b>135,513,701</b>
Total comprehensive income for the financial year	–	4,924,290	4,924,290
<b>Balance as at 31 March 2011</b>	<b>41,301,000</b>	<b>99,136,991</b>	<b>140,437,991</b>

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

## National Environment Agency

### Cash Flow Statement For the financial year ended 31 March 2012

	Note	2011/2012 \$	2010/2011 \$
<b>Cash flows from operating activities</b>			
Net (deficit)/surplus for the financial year		(11,202,155)	4,924,290
Adjustments for:			
Contribution to the Consolidated Fund	10	–	1,008,590
Government grants	9	(467,825,515)	(471,328,091)
Depreciation of property, plant and equipment	14	11,249,082	10,488,818
Loss/(gain) on disposal of property, plant and equipment		404,433	(16,251)
Interest expense	7	1,205,695	1,343,306
Interest income		(1,413,890)	(1,253,525)
Allowance for impairment loss on trade and other receivables	12	122,006	77,250
Operating cash flow before working capital changes		(467,460,344)	(454,755,613)
Change in operating assets and liabilities:			
- Consumables		(1,082,144)	(1,191,996)
- Trade and other receivables		(2,115,125)	(3,214,511)
- Trade and other payables		(3,794,766)	28,657,115
- Other receivable from the Ministry of the Environment and Water Resources ("MEWR")		121	(422)
- Payable to MEWR		626,872	1,487,967
- Provision for pensions and death gratuities		(240,823)	(2,851,716)
Cash used in operations		(474,066,209)	(431,869,176)
Interest received		1,392,868	642,854
Payment to the Consolidated Fund	10	(1,008,590)	(4,764,552)
<b>Net cash used in operating activities</b>		<b>(473,681,931)</b>	<b>(435,990,874)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(14,302,063)	(13,764,049)
Proceeds from disposal of property, plant and equipment		112,533	212,260
<b>Net cash used in investing activities</b>		<b>(14,189,530)</b>	<b>(13,551,789)</b>
<b>Cash flows from financing activities</b>			
Grants received from Government		453,318,435	477,406,640
Repayment of loan from Government		(3,646,666)	(3,646,666)
Interest paid on loan from Government	7	(1,205,695)	(1,343,306)
<b>Net cash provided by financing activities</b>		<b>448,466,074</b>	<b>472,416,668</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(39,405,387)</b>	<b>22,874,005</b>
Cash and cash equivalents at beginning of financial year		243,960,170	221,086,165
<b>Cash and cash equivalents at end of financial year</b>	11	<b>204,554,783</b>	<b>243,960,170</b>

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

## National Environment Agency

### Notes to the Financial Statements For the financial year ended 31 March 2012

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

#### 1. General

National Environment Agency (the "Agency"), a Statutory Board under the Ministry of the Environment and Water Resources ("MEWR"), was incorporated under the National Environment Agency Act on 1 July 2002.

The address of its principal place of operation is 40 Scotts Road, Environment Building, #13-00, Singapore 228231.

The principal activities of the Agency include:

- (i) conduct investigations, enforcement and surveillance of environmental health concerns and vectors of infectious agents;
- (ii) conduct research into and develop strategies for prevention and control of environmental health concerns;
- (iii) conduct meteorological observations and seismic monitoring and provide related services;
- (iv) conduct weather and climate science research;
- (v) undertake licensing, coordinate the implementation and management of upgrading programmes for markets and hawker centres, review of hawker policies, construct, develop and manage markets and hawker centres in its own right and as agent of the Government or any body corporate established by written law;
- (vi) monitor environmental quality and control environmental pollution;
- (vii) control the import, export, sale, possession, use, transport and disposal of hazardous substances and toxic industrial waste;
- (viii) promote resource conservation and energy efficiency;
- (ix) regulate the collection and disposal of solid waste;
- (x) plan, develop, manage and regulate waste-to-resource and waste-to-energy facilities;
- (xi) control the import, export, manufacture, sale, possession, use, transport, storage and disposal of radioactive materials and irradiating apparatuses;
- (xii) enhance the competency of the environment industry workforce and promote environmental thought leadership through knowledge distillation, sharing and training;
- (xiii) build up a vibrant research and development ecosystem in the environment industry and help develop environmental technology competencies and capabilities in Singapore;
- (xiv) help develop a vibrant environment industry in Singapore and promote Singapore-based companies providing environmental services or consultancy services internationally;
- (xv) inculcate pro-environment mindset in the community and raise community ownership of environmental and public health issues in Singapore;
- (xvi) help improve performance, upgrade professionalism and oversee the productivity drive of the cleaning industry; and
- (xvii) build, operate and maintain cemeteries, crematorium and columbarium facilities.

## National Environment Agency

### Notes to the Financial Statements For the financial year ended 31 March 2012

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#### 2. Summary of significant accounting policies

##### (a) *Basis of preparation*

The financial statements of the Agency have been prepared in accordance with the Statutory Board Financial Reporting Standards ("SB-FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SB-FRS requires management to exercise its judgement in the process of applying the Agency's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas where estimates and assumptions are significant and critical are disclosed in Note 3.

##### (b) *SB-FRS and Interpretations of SB-FRS effective in the financial year*

The accounting policies adopted are consistent with those of the previous financial year except on 1 April 2011, the Agency adopted all the new and applicable revised SB-FRS and interpretations to SB-FRS that are mandatory for application in the current financial year. These do not have material impact on the Agency's financial statements, apart from SB-FRS 24 Related Party Disclosures which require the Agency to provide disclosures of related party relationships and transactions.

##### (c) *SB-FRS and Interpretations of SB-FRS issued but not yet effective*

The Agency has not adopted the following standards and interpretations that have been issued but not yet effective:

Reference	Description	Effective for annual periods beginning on or after
SB-FRS 1	Amendments – Presentation of Items of Other Comprehensive Income	1 July 2012
SB-FRS 12	Income Taxes	1 January 2012
SB-FRS 19	Employee Benefits	1 January 2013
SB-FRS 27	Separate Financial Statements	1 January 2013
SB-FRS 28	Investments in Associates and Joint Ventures	1 January 2013
SB-FRS 101	Amendments – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
SB-FRS 107	Amendments – Financial Instruments: Disclosures - Transfers of Financial Assets	1 July 2011
SB-FRS 110	Consolidated Financial Statements	1 January 2013
SB-FRS 111	Joint Arrangements	1 January 2013
SB-FRS 112	Disclosure of Interests in Other Entities	1 January 2013
SB-FRS 113	Fair Value Measurement	1 January 2013

The standards and interpretations above are expected to have no material impact on the financial statements in the period of initial application, if adopted.

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

**(d) *Income recognition***

Income comprises the fair value of the consideration received or receivable for the rendering of services. Income is presented net of goods and services tax, rebates and discounts in the ordinary course of the Agency's activities. Income is recognised as follows:

- (i) Service fees are recognised when services are rendered to the customers. Service fees include meteorological services and course fees.
- (ii) Management fees are earned from activities as set out in Note 4 and recognised when due from stallholders.
- (iii) Regulatory charges (including income from licences, permits and fines) are recognised at the point of collection. With effect from 1 April 2011, all fines collected are remitted to MEWR, as directed by Ministry of Finance.
- (iv) Interest income is recognised on a time proportion basis using the effective interest method.

**(e) *Property, plant and equipment***

**(i) *Measurement***

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses (Note 2(f)).

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Agency and the cost of the item can be measured reliably.

## National Environment Agency

### Notes to the Financial Statements For the financial year ended 31 March 2012

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#### 2. Summary of significant accounting policies (continued)

##### (e) *Property, plant and equipment (continued)*

###### (ii) *Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Leasehold land	30 years (based on lease period)
Building and building improvements	3 - 28 years
Furniture and fittings, office equipment	5 years
Computer hardware and software	3 years
Motor vehicles	10 years
Plant and machinery	10 years
Tugs and barges	25 years

No depreciation is provided on construction-in-progress as these assets are not yet available for use.

For property, plant and equipment which were transferred to the Agency from MEWR on the Agency's establishment on 1 July 2002, the assets are depreciated over the remaining useful lives at 1 July 2002.

For property, plant and equipment which were transferred to the Agency from the Health Sciences Authority, as part of the transfer of the Centre for Radiation Protection on 1 July 2007, the assets are depreciated over the remaining useful lives at 1 July 2007.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted prospectively as appropriate, at each balance sheet date. The effects of any revision are recognised in the statement of comprehensive income when the changes arise.

###### (iii) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Agency and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the statement of comprehensive income when incurred.

###### (iv) *Disposal*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the statement of comprehensive income in the year the asset is disposed.

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

**(f) *Impairment of non-financial assets***

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Agency makes an estimate of the asset's recoverable amount.

For the purpose of impairment testing of these assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the statement of comprehensive income.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of comprehensive income.

**(g) *Consumables***

Consumables are carried at the lower of cost and net realisable value and are determined on a weighted average basis. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of consumables to the lower of cost and net realisable value. Net realisable value is determined using an estimate of replacement costs which is a close approximation of net realisable value.

**(h) *Financial assets***

Financial assets are recognised on the balance sheet when, and only when, the Agency becomes a party to the contractual provisions of the financial instrument. The Agency classifies cash and cash equivalents and trade and other receivables as its financial assets. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially recognised at fair value plus directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method. They are presented as current assets, except for those maturing later than twelve months after the balance sheet date which are presented as non-current assets. They are derecognised when the right to receive cash flows from the financial assets have expired or have been transferred and the Agency has transferred substantially all risks and rewards of ownership.

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

**(h) Financial assets (continued)**

The Agency assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An allowance for impairment of trade and other receivables is recognised when there is objective evidence that the Agency will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the statement of comprehensive income within "Other operating expenditure".

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

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the statement of comprehensive income.

**(i) Cash and cash equivalents**

For the purpose of presentation in the cash flow statement, cash and cash equivalents include cash on hand and at banks, cash maintained with Accountant-General's Department ("AGD") and cash held under Centralised Liquidity Management ("CLM") scheme.

**(j) Provisions**

Provisions are recognised when the Agency has a present 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 the amount can be reliably estimated. 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 economic resources will be required to settle the obligation, the provision is reversed.

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

(k) ***Borrowings***

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are presented as current liabilities in the balance sheet even though the original term was for a period longer than twelve months. Other borrowings due to be settled more than twelve months after the balance sheet date are included as non-current liabilities in the balance sheet.

(l) ***Trade and other payables***

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

(m) ***Fair value estimation of financial assets and liabilities***

The fair value of current financial assets and liabilities carried at amortised cost, approximate their carrying amounts due to their short-term nature.

The fair value of non-current financial liabilities such as borrowings and provision for pensions and death gratuities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Agency for similar financial liabilities.

(n) ***Operating leases***

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 statement of comprehensive income 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 financial year in which termination takes place.

(o) ***Research costs***

Research costs are recognised as an expense when incurred.

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

**(p) Employee compensation**

*(i) Defined benefit plans*

*Pension and other post employment benefits*

Provision for pension benefits is made for pensionable officers transferred to the Agency on 1 July 2002. Provision for death gratuities is made for officers and daily rated employees transferred to the Agency on 1 July 2002.

An actuarial valuation is conducted once every three years or as and when required to determine the cost of pension benefits and death gratuities due to these officers using the Projected Unit Credit Method. Any actuarial gains or losses are recognised in the statement of comprehensive Income in the year of valuation.

The pension benefits and death gratuities are computed based on existing guidelines found in the Pension Act and circulars issued by the Public Service Division.

*(ii) Defined contribution plan*

*Contribution to Central Provident Fund ("CPF")*

The Agency makes contributions to the CPF scheme in Singapore. Contributions to CPF schemes are recognised as an expenditure in the period in which the related service is performed.

*(iii) Employee leave entitlement*

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

**(q) Currency translation**

*(i) Functional and presentation currency*

Items included in the financial statements of the Agency are measured using the currency of the primary economic environment in which the Agency operates ("functional currency"). The financial statements are presented in Singapore Dollar (\$), which is the functional and presentation currency of the Agency.

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

**(q) Currency translation (continued)**

*(ii) Transactions and balances*

Transactions in a currency other than the financial currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchanging 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Currency translation differences from the settlement of monetary items or from the translation of monetary items at the balance sheet date are recognised in the statement of comprehensive income.

**(r) Government grants**

Government grants received for the purchase or the construction of depreciable assets are accounted for as deferred capital grants. The deferred capital grants are amortised and charged to the statement of comprehensive income over the period necessary to match the annual depreciation charge of these assets or when the assets are disposed or written off.

Government grants received by the Agency to meet operating expenses are recognised in the statement of comprehensive income in the year these operating expenses are incurred.

Other government grants are recognised in the statement of comprehensive income based on expenses incurred for the projects which are recognised in the statement of comprehensive income in the period.

All grants are recognised when there is reasonable assurance that all attaching conditions are complied with.

## National Environment Agency

### Notes to the Financial Statements For the financial year ended 31 March 2012

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#### 2. Summary of significant accounting policies (continued)

##### (s) *Related parties*

The Agency is established as a statutory board under MEWR and is an entity related to the Government of Singapore. The Agency's related parties refer to Government-related entities including Ministries, Organs of State and other Statutory Boards. The Agency applies the exemption in Paragraph 25 of SB-FRS 24 Related Party Disclosures, and required disclosures are limited to the following information to enable users of the Agency's financial statements to understand the effect of related party transactions on the financial statements:

- (i) the nature and amount of each individually significant transaction with Ministries, Organs of State and other Statutory Boards; and
- (ii) for other transactions with Ministries, Organs of State and other Statutory Boards that are collectively but not individually significant, a qualitative or quantitative indication of their extent.

#### 3. Critical accounting estimates, assumptions and judgements

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *Provision for pensions and death gratuities*

The Agency is required to pay pension benefits to pensionable officers and death gratuities to officers and daily rated employees transferred over to the Agency on 1 July 2002. The provision for pensions and death gratuities of the Agency as at 31 March 2012 approximated \$14,741,165 (31 March 2011: \$14,981,988) as disclosed in Note 18. The provision has been computed based on certain assumptions and estimates as disclosed in Note 18 and revisions to the assumptions and estimates could impact the provision made.

##### *Useful lives of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 30 years. The carrying amount of the Agency's property, plant and equipment at 31 March 2012 was \$57,088,349 (31 March 2011: \$53,236,632). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these property, plant and equipment, therefore future depreciation charges could be revised (Note 14).

#### 4. Management fees

The Agency has been appointed by the Housing Development Board ("HDB") on 1 April 2004 to manage, lease and maintain HDB markets and hawker centres in consideration of a management fee which represents the rental collected from the markets' and hawker centres' stallholders.

**National Environment Agency**

**Notes to the Financial Statements  
For the financial year ended 31 March 2012**

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**5. Staff costs**

	Note	2011/2012 \$	2010/2011 \$
Wages and salaries		<b>160,760,526</b>	168,317,950
Employer's contribution to Central Provident Fund		<b>17,704,970</b>	17,114,420
Pension contributions and death gratuities	18	<b>1,935,283</b>	474,828
Other staff costs		<b>10,304,493</b>	8,952,760
		<b><u>190,705,272</u></b>	<b><u>194,859,958</u></b>

**6. Maintenance, services and supplies**

Included in maintenance, services and supplies were:

	2011/2012 \$	2010/2011 \$
Incineration services	<b>78,759,950</b>	85,560,547
Public area landscaping, cleaning services and supplies	<b>37,583,770</b>	36,683,002
Maintenance of specialised and industrial equipment	<b>33,797,076</b>	33,875,786
Maintenance of building, markets and hawker centres and office premises	<b>22,915,724</b>	22,734,865
IT services	<b>20,225,146</b>	14,786,581
Industrial supplies	<b>13,399,515</b>	12,052,618
Security and enforcement services	<b>10,731,235</b>	12,436,931
Vector control services	<b>9,760,358</b>	5,649,918
Utilities charges	<b>8,089,617</b>	7,201,109
Table cleaning services	<b>4,462,379</b>	3,940,109
	<b><u>4,462,379</u></b>	<b><u>3,940,109</u></b>

**7. Finance expense**

	2011/2012 \$	2010/2011 \$
Interest expense on loan from Government	<b>1,205,695</b>	1,343,306
	<b><u>1,205,695</u></b>	<b><u>1,343,306</u></b>

## National Environment Agency

### Notes to the Financial Statements For the financial year ended 31 March 2012

#### 8. Other operating expenditure

Included in other operating expenditure were:

	Note	2011/2012	2010/2011
		\$	\$
GST expense		9,856,386	9,647,476
Communication expense		3,189,996	3,015,550
Research costs		98,346	81,173
Write-back in value of consumables - net	13	<u>—</u>	<u>(120,000)</u>

#### 9. Government grants

	Note	2011/2012	2010/2011
		\$	\$
Operating grants		459,805,532	465,860,372
Deferred capital grants amortised	19	618,217	721,499
Other grants		<u>7,401,766</u>	<u>4,746,220</u>
		<u>467,825,515</u>	<u>471,328,091</u>

#### 10. Contribution to the Consolidated Fund

In lieu of income tax, the Agency is to make contribution to the Consolidated Fund of the Government in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap. 319A). There is no contribution to the Consolidated Fund for 2011/2012 as the year ended with a deficit.

The Contribution to the Consolidated Fund was determined as follows:

	2011/2012	2010/2011
	\$	\$
(Deficit)/surplus before Contribution to the Consolidated Fund	<u>(11,202,155)</u>	<u>5,932,880</u>
Contribution to the Consolidated Fund calculated at a tax rate of 17% (2010/2011: 17%)	<u>—</u>	<u>1,008,590</u>

## National Environment Agency

### Notes to the Financial Statements For the financial year ended 31 March 2012

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#### 10. Contribution to the Consolidated Fund (continued)

The movement in provision for Contribution to the Consolidated Fund was as follows:

	<b>2011/2012</b>	2010/2011
	\$	\$
Balance at beginning of financial year	<b>1,008,590</b>	4,764,552
Amount paid	<b>(1,008,590)</b>	(4,764,552)
Contribution for current financial year	-	1,008,590
	<hr/>	<hr/>
Balance at end of financial year	<b>-</b>	1,008,590
	<hr/> <hr/>	<hr/> <hr/>

#### 11. Cash and cash equivalents

	<b>At 31 March 2012</b>	At 31 March 2011
	\$	\$
Cash held under CLM scheme	<b>195,346,865</b>	237,275,016
Cash at banks	<b>2,846,771</b>	2,753,700
Cash maintained with AGD	<b>6,360,547</b>	3,930,854
Cash on hand	<b>600</b>	600
	<hr/>	<hr/>
	<b>204,554,783</b>	243,960,170
	<hr/> <hr/>	<hr/> <hr/>

Cash held under the Centralised Liquidity Management ("CLM") scheme and cash at banks earn interest at floating rates based on daily bank deposit rates.

Cash maintained with AGD does not earn any interest.

#### 12. Trade and other receivables

	<b>At 31 March 2012</b>	At 31 March 2011
	\$	\$
Trade receivables	<b>3,917,952</b>	5,849,286
Less: Allowance for impairment of receivables	<b>(321,785)</b>	(320,463)
	<hr/>	<hr/>
Trade receivables - net	<b>3,596,167</b>	5,528,823
Revenue to be collected on behalf of MEWR	<b>31,152,130</b>	28,206,515
Prepayments	<b>445,684</b>	212,911
Deposits	<b>960,027</b>	704,751
Others	<b>2,890,550</b>	2,377,417
	<hr/>	<hr/>
	<b>39,044,558</b>	37,030,417
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

**National Environment Agency**

**Notes to the Financial Statements  
For the financial year ended 31 March 2012**

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**12. Trade and other receivables (continued)**

The movement in the related allowance for impairment was as follows:

	<b>At 31 March 2012</b>	At 31 March 2011
	\$	\$
Balance at beginning of financial year	<b>320,463</b>	344,488
Utilization for the year	<b>(120,684)</b>	(101,275)
Allowance charged	<b>122,006</b>	77,250
Balance at end of financial year	<b><u>321,785</u></b>	<u>320,463</u>

The age analysis of trade receivables past due but not impaired is as follows:

Past due < 3 months	<b>225,627</b>	806,228
Past due 3 to 6 months	<b>86,344</b>	54,999
Total	<b><u>311,971</u></b>	<u>861,227</u>

The collateral held by the Agency for trade receivables past due but not impaired is set out below:

Deposits received	<b><u>588,160</u></b>	<u>410,729</u>
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**13. Consumables**

	<b>Note</b>	<b>At 31 March 2012</b>	At 31 March 2011
		\$	\$
Consumables		<b><u>23,094,776</u></b>	<u>22,012,632</u>

The movement in write-down in value of consumables was as follows:

Balance at beginning of financial year	-	3,145,855
Utilization for the year	-	(3,025,855)
Write-back in value of consumables	-	(120,000)
Balance at end of financial year	<b><u>-</u></b>	<u>-</u>

The amounts recognised in the statement of comprehensive income was as follows:

Write-back in value of consumables	8	<b><u>-</u></b>	<u>(120,000)</u>
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National Environment Agency

Notes to the Financial Statements  
For the financial year ended 31 March 2012

14. Property, plant and equipment

	Leasehold land \$	Building and building improvements \$	Furniture and fittings, office equipment \$	Computer hardware and software \$	Motor vehicles \$	Plant and machinery \$	Tugs and barges \$	Construction- in-progress \$	Total \$
<u>Cost</u>									
At 1 April 2011	961,790	2,398,575	3,508,931	30,120,143	3,163,955	86,643,958	28,274,403	8,247,001	163,318,756
Additions	–	–	266,252	2,791,363	861,497	1,423,796	–	10,274,857	15,617,765
Disposals	–	–	(495,422)	(725,254)	(255,803)	(548,460)	–	(496,232)	(2,521,171)
Transfers	–	6,604,803	396,364	653,679	–	2,450,493	–	(10,105,339)	–
At 31 March 2012	961,790	9,003,378	3,676,125	32,839,931	3,769,649	89,969,787	28,274,403	7,920,287	176,415,350
<u>Accumulated depreciation</u>									
At 1 April 2011	64,119	2,307,526	2,627,505	23,299,002	1,642,327	68,766,885	11,374,760	–	110,082,124
Depreciation	32,060	419,647	408,804	5,867,167	269,128	2,952,304	1,299,972	–	11,249,082
Disposals	–	–	(494,327)	(725,254)	(241,770)	(542,854)	–	–	(2,004,205)
At 31 March 2012	96,179	2,727,173	2,541,982	28,440,915	1,669,685	71,176,335	12,674,732	–	119,327,001
<u>Net book value</u>									
<b>At 31 March 2012</b>	<b>865,611</b>	<b>6,276,205</b>	<b>1,134,143</b>	<b>4,399,016</b>	<b>2,099,964</b>	<b>18,793,452</b>	<b>15,599,671</b>	<b>7,920,287</b>	<b>57,088,349</b>
<u>Cost</u>									
At 1 April 2010	961,790	2,301,025	3,344,223	26,467,892	2,750,871	84,405,864	28,274,403	4,689,001	153,195,069
Additions	–	97,550	451,211	1,126,958	755,083	2,031,437	–	10,303,103	14,765,342
Disposals	–	–	(286,503)	(349,703)	(341,999)	(3,496,038)	–	(167,412)	(4,641,655)
Transfers	–	–	–	2,874,996	–	3,702,695	–	(6,577,691)	–
At 31 March 2011	961,790	2,398,575	3,508,931	30,120,143	3,163,955	86,643,958	28,274,403	8,247,001	163,318,756
<u>Accumulated depreciation</u>									
At 1 April 2010	32,060	2,266,593	2,612,666	18,120,812	1,748,525	69,183,508	10,074,788	–	104,038,952
Depreciation	32,059	40,933	301,342	5,535,647	229,124	3,049,741	1,299,972	–	10,488,818
Disposals	–	–	(286,503)	(357,457)	(335,322)	(3,466,364)	–	–	(4,445,646)
At 31 March 2011	64,119	2,307,526	2,627,505	23,299,002	1,642,327	68,766,885	11,374,760	–	110,082,124
<u>Net book value</u>									
<b>At 31 March 2011</b>	<b>897,671</b>	<b>91,049</b>	<b>881,426</b>	<b>6,821,141</b>	<b>1,521,628</b>	<b>17,877,073</b>	<b>16,899,643</b>	<b>8,247,001</b>	<b>53,236,632</b>

**National Environment Agency**

**Notes to the Financial Statements  
For the financial year ended 31 March 2012**

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**15. Trade and other payables**

	<b>At 31 March 2012</b>	At 31 March 2011
	\$	\$
Trade payables	<b>43,508,651</b>	39,283,214
Accrual for operating expenditure	<b>50,419,564</b>	57,553,992
Deposits received	<b>16,260,050</b>	15,220,782
Grants received in advance	<b>132,409</b>	184,847
Advance payments received	<b>3,620,205</b>	4,054,220
Others	<b>590,577</b>	765,903
	<b><u>114,531,456</u></b>	<u>117,062,958</u>

**16. Payable to the Ministry of the Environment and Water Resources (MEWR)**

	<b>At 31 March 2012</b>	At 31 March 2011
	\$	\$
Grant to be returned to MEWR	<b>6,664,377</b>	20,500,802
Payable to MEWR for revenue collected on behalf	<b>28,011,321</b>	27,384,449
Other receivable from MEWR	<b>(276)</b>	(397)
	<b><u>34,675,422</u></b>	<u>47,884,854</u>

For the financial year ended 31 March 2012, the Agency collected total Government revenue on behalf of MEWR amounting to \$469,301,731 (2010/2011: \$389,115,959).

The amounts payable to MEWR are unsecured, interest-free and expected to be repaid within the next twelve months.

**National Environment Agency**

**Notes to the Financial Statements  
For the financial year ended 31 March 2012**

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**17. Loan from Government (unsecured)**

	<b>At 31 March 2012</b>	At 31 March 2011
	\$	\$
Amount repayable within one year	<b>3,646,667</b>	3,646,666
Amount repayable after one year	<b>25,526,667</b>	29,173,334
Loan from Government	<b><u>29,173,334</u></b>	<u>32,820,000</u>

The loan is repayable over a period of 15 years, commencing 1 April 2005, at a monthly instalment of \$303,889. The long term loan from Government has the following maturity:

Less than one year	<b>3,646,667</b>	3,646,666
Later than one year and not later than five years	<b>14,586,667</b>	14,586,667
Later than five years	<b>10,940,000</b>	14,586,667
	<b><u>29,173,334</u></b>	<u>32,820,000</u>

The interest rate of the loan from Government is fixed at 3.86% per annum (2010/2011: 3.86%) until the maturity of the loan in 2020.

At the balance sheet date, the carrying amount of current portion of loan from government approximates its fair value.

The carrying amount and fair value of non-current portion of loan from government are as follows:

	<b>Carrying amounts</b>		<b>Fair values</b>	
	<b>At 31 March 2012</b>	At 31 March 2011	<b>At 31 March 2012</b>	At 31 March 2011
	\$	\$	\$	\$
Non-current portion of loan from Government	<b><u>25,526,667</u></b>	<u>29,173,334</u>	<b><u>26,994,120</u></b>	<u>30,298,104</u>

The fair value is determined using discounted cash flow analysis, using a discount rate based upon the borrowing rates which the Agency expect would be available to the Agency at the balance sheet date.

National Environment Agency

Notes to the Financial Statements  
For the financial year ended 31 March 2012

18. Provision for pensions and death gratuities

	At 31 March 2012	At 31 March 2011
	\$	\$
<b>Balance sheet obligations for:</b>		
Pensions	13,985,173	14,316,263
Death gratuities	755,992	665,725
	<u>14,741,165</u>	<u>14,981,988</u>
<b>Statement of comprehensive income charge for:</b>		
Pensions	1,839,761	1,270,934
Death gratuities	90,267	(796,658)
	<u>1,930,028</u>	<u>474,276</u>

The amounts recognised in the statement of comprehensive income were as follows:

	Note	At 31 March 2012	At 31 March 2011
		\$	\$
<u>Pensions</u>			
Current service cost		1,456,641	1,490,993
Interest cost		383,120	500,058
Actuarial gain		-	(720,117)
		<u>1,839,761</u>	<u>1,270,934</u>
<u>Death gratuities</u>			
Current service cost		73,284	75,012
Interest cost		16,983	49,746
Actuarial gain		-	(921,416)
		<u>90,267</u>	<u>(796,658)</u>
Total provision for the financial year - net		<u>1,930,028</u>	<u>474,276</u>
Pension charged directly to statement of comprehensive income		<u>5,255</u>	552
Total included in staff costs	5	<u>1,935,283</u>	<u>474,828</u>

## National Environment Agency

### Notes to the Financial Statements For the financial year ended 31 March 2012

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#### 18. Provision for pensions and death gratuities (continued)

The movement in liability recognised in the balance sheet was as follows:

	<b>At 31 March 2012</b>	At 31 March 2011
	\$	\$
Balance at beginning of financial year	<b>14,981,988</b>	17,833,704
Provision for the financial year - net	<b>1,930,028</b>	474,276
Less: Amount paid during the financial year	<b>(2,170,851)</b>	(3,325,992)
Balance at end of financial year	<b><u>14,741,165</u></b>	<b><u>14,981,988</u></b>
Amount payable within one year	<b>2,261,998</b>	1,984,750
Amount payable after one year	<b><u>12,479,167</u></b>	<b><u>12,997,238</u></b>
	<b><u>14,741,165</u></b>	<b><u>14,981,988</u></b>

The principal assumptions used in determining the Agency's pensions and death gratuities obligations are:

- (i) All pensionable and non-pensionable officers will retire at the age of 62.
- (ii) The rate used to discount pensions and death gratuities obligations is 2.86% (2010/2011: 2.86%) per annum.
- (iii) The historical rate of salary increases for pensionable officers prior to the establishment of the Agency is 5.56% per annum and the expected rate of salary increases for pensionable officers, non-pensionable officers and daily rated employees is 2.0%, 3.0% and 1.0% per annum respectively.
- (iv) A mortality rate of 3.0 deaths for every 1,000 persons (2010/2011: 3.0 deaths for every 1,000 persons).

The proportion of pension benefits payable to pensionable officers prior to the establishment of the Agency on 1 July 2002, which is to be borne by the Government, is excluded from the amount stated above.

## National Environment Agency

### Notes to the Financial Statements For the financial year ended 31 March 2012

#### 19. Deferred capital grants

	Note	At 31 March 2012 \$	At 31 March 2011 \$
Balance at beginning of financial year		2,043,470	2,764,969
Less: Amortisation of deferred capital grants in the statement of comprehensive income	9	<u>(618,217)</u>	<u>(721,499)</u>
		<u><b>1,425,253</b></u>	<u><b>2,043,470</b></u>

The current portion of the deferred capital grants as at 31 March 2012 is \$416,869 (31 March 2011: \$618,217).

#### 20. Share capital

The Agency's share capital comprise fully paid up 41,301,000 (31 March 2011: 41,301,000) ordinary shares, amounting to a total of \$41,301,000 (31 March 2011: \$41,301,000).

#### 21. Commitments

##### (a) *Capital commitments*

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

	At 31 March 2012 \$	At 31 March 2011 \$
Property, plant and equipment	<u><b>16,710,418</b></u>	<u>10,483,396</u>

##### (b) *Operating lease commitments*

The Agency leases various offices, land and open space under non-cancellable operating lease agreements. The leases have varying lease terms and renewal rights.

The future minimum lease payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities in the financial statements, are as follows:

	At 31 March 2012 \$	At 31 March 2011 \$
Not later than one year	6,794,566	9,495,723
Between one and five years	3,272,790	5,024,979
Later than five years	-	-
	<u><b>10,067,356</b></u>	<u>14,520,702</u>

## National Environment Agency

### Notes to the Financial Statements For the financial year ended 31 March 2012

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#### 21. Commitments (continued)

##### (c) *Incineration services commitments*

The Agency has two incineration services agreements, for terms of between 15 to 25 years. In accordance to the agreements, the Agency pays monthly incineration service fees for the incineration and related maintenance services based on the services received. For the financial year ended 31 March 2012, the Agency incurred incineration service fees amounting to \$78,759,950 (2010/2011: \$85,560,547).

##### (d) *Other commitments*

The Agency has an arrangement for the use of computer equipment and related services under an agreement for a Standard ICT Operating Environment ("SOE"), which was entered into between the Government and a service provider. The Agency pays a monthly fee for the use of those equipment and related services. For the financial year ended 31 March 2012, \$5,859,830 (2010/2011: \$4,351,780) was recognised in the statement of comprehensive income.

#### 22. Financial risk management

The Agency, in its normal course of operations, is exposed to a variety of financial risks: credit risk, liquidity risk and capital risk.

##### (a) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Agency. The Agency has no significant concentration of credit risk. The Agency monitors the receivables from customers closely on an on-going basis and has policies in place to ensure the customers maintain sufficient deposits with them. The Agency is not exposed to credit risk for revenue to be collected on behalf of MEWR.

##### *Collaterals and other credit enhancements*

During the financial year, the Agency took possession of collateral held as security as follows:

	Carrying amounts	
	At 31 March 2012	At 31 March 2011
	\$	\$
Deposits received	<u>176,376</u>	<u>209,635</u>

There were no encashment of bankers' guarantee held as security during the financial year.

## National Environment Agency

### Notes to the Financial Statements For the financial year ended 31 March 2012

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#### 22. Financial risk management (continued)

##### (b) *Liquidity risk*

Liquidity risk arises from the general funding of the Agency's operating activities. It includes the risk of not being able to fund operating activities at settlement dates and liquidate position in a timely manner. The Agency obtains its funding requirements from the Government through operating grants. The Agency also manages its liquidity risk by placing primarily its funds in deposits with AGD depending on its immediate cash requirements.

The table below analyses the maturity profile of the Agency's financial liabilities based on contractual principal and interest repayment cash flows.

	<b>Less than 1 year \$</b>	<b>Between 1 and 5 years \$</b>	<b>Later than 5 years \$</b>
<b>At 31 March 2012</b>			
Trade and other payables	110,911,251	–	–
Loan from Government	4,711,182	17,425,161	11,591,873
Payable to MEWR	34,675,422	–	–
	<hr/> 150,297,855	17,425,161	11,591,873 <hr/>
<b>At 31 March 2011</b>			
Trade and other payables	113,008,738	–	–
Loan from Government	4,852,361	17,990,938	15,737,278
Payable to MEWR	47,884,854	–	–
	<hr/> 165,745,953	17,990,938	15,737,278 <hr/>

##### (c) *Capital risk*

The Agency defines capital as share capital, accumulated surpluses and loan from Government.

The Agency's primary objective when managing capital is to safeguard the ability to support the Agency's stability and growth.

The Agency monitors "net operating surplus/deficit" and "debt-equity ratio". There were no changes in the Agency's approach to capital management during the year.

The Agency is not subject to any externally imposed capital requirements.

## National Environment Agency

### Notes to the Financial Statements For the financial year ended 31 March 2012

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#### 23. Related party transactions

##### (a) *Sale of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions between the Agency and related parties:

	2011/2012	2010/2011
	\$	\$
Meteorological services rendered to Ministries, Organs of State and other Statutory Boards	<u>13,191,322</u>	<u>12,476,408</u>

##### (b) *Compensation of key management personnel*

	2011/2012	2010/2011
	\$	\$
Salaries and other short term employee benefits	4,397,149	4,224,450
Post-employment benefits - contribution to pension	<u>203,593</u>	<u>71,513</u>
	<u>4,600,742</u>	<u>4,295,963</u>

Included in the above are Board members' fees amounting to \$191,250 (2010/2011: \$135,000).

#### 24. Authorisation of financial statements

The financial statements of the Agency for the year ended 31 March 2012 were authorised for issue by the Board members of the Agency on 29 June 2012.

**National Environment Agency**

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