

# STRENGTHENING BASICS, ENHANCING CAPABILITIES



## FOREWORD BY CHAIRMAN



CRA remains focused on ensuring Singapore's high law and order reputation.....

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## CHIEF EXECUTIVE'S MESSAGE



Over time, it is imperative for our officers to build up a strong repository and reservoir.....

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## MILESTONES AND ACHIEVEMENTS



A highlight of CRA's achievements in the past year

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## FINANCIAL STATEMENTS



CRA's audited financial statements for FY 2009/2010

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## A CLEAR REFLECTION OF OUR SPIRIT AND ETHOS

The many new officers in the different divisions within CRA have combined together as a highly synergistic team and delivered the regulatory framework and outcomes that we were looking for. It was a herculean task to see through the opening of two casinos just two months apart, but the CRA officers rose to the challenge!

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## THE FOCUS OF REGULATION

CRA will remain focused on its mission and press on to enhance the regime as we move forward in regulating our two casinos. In so doing, we ensure Singapore's high law and order reputation while providing a conducive and respectable business environment for the casinos.

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## MISSION, VISION AND VALUES



### MISSION

Ensuring that the management and operation of a casino is and remains free from criminal influence or exploitation

Ensuring that gaming in a casino is conducted honestly

Containing and controlling the potential of a casino to cause harm to minors, vulnerable persons and society at large

### VISION

To be the referenced casino regulator that fosters a self-regulating casino industry

### VALUES

Integrity

Openness

Agility

Insightfulness

Respect

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## FOREWORD BY CHAIRMAN



**“CRA remains focused on ensuring Singapore’s high law and order reputation, that proper social safeguards are in place, and, at the same time, provide a conducive and respectable business environment for the casinos to succeed with consequential economic benefits to Singapore.”**

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The casino industry and gambling as an activity has been changing rapidly over the past ten years, more so than in the previous seven decades<sup>1</sup>. Singapore’s two casinos, Resorts World Sentosa (RWS) and Marina Bay Sands (MBS), which have yet to run their full year, operate within this dynamic and temperamental globalised market. As a new casino jurisdiction, we are not unaffected by these developments. We are aware, at first hand, of these material changes and variables in other gaming jurisdictions. Our carefully calibrated casino regulatory regime, with attendant powers and ancillary oversight and enforcement capabilities, have enabled these casinos to be duly licensed and opened.

Given the rapid commercial, demographic, market behavioural and governance changes and the broad economics in the casino industry, we need to take stock and map the long-term strategic view in regulating our two casinos. We need to be ahead of the curve to meet the changes in this industry. The basics of governance however remain: we are jealous to ensure Singapore’s high law and order reputation, that proper social safeguards are in place, and, at the same time, provide a conducive and respectable business environment for the casinos to succeed with consequential economic benefits to Singapore.

### Contributions of the CRA Board

The members of the Casino Regulatory Authority (CRA) Board have been thorough and meticulous in discharging their statutory and ancillary duties and made critical contributions in mapping out the overall governance structures which have enabled RWS and MBS to be duly licensed. It will be another busy year for the CRA Board to provide the needed strategic guidance. There will also be depth in the focus of the Board. Asia is opening up to gaming. Over the next 5 to 7 years, we are likely to see several more casinos in the region from laissez fair to well regulated regimes; and with it the normal market competitiveness and mobility of trans-boundary crimes.

<sup>1</sup> Special Report on Gambling, THE ECONOMIST, July 10-16<sup>th</sup>



Our regime needs to be well differentiated to be not only carefully regulated, but free from criminal influence at all levels in the casino industry. Other unexpected events may also come our way that may impact our casino jurisdiction or governance. To deal with such challenges is the *raison d'être* of having a Board. No doubt the Board will act accordingly, to ensure the integrity of Singapore and the honesty of gaming here.

On the Board now are two significant members who have joined recently: - Deputy Secretary (Policy), Ministry of Home Affairs (MHA), Ms. Goh Soon Poh, and Commissioner of Police, Mr. Ng Joo Hee. We thank former Commissioner of Police, currently Senior Deputy Secretary, MHA, Mr. Khoo Boon Hui; and Dr Loo Choon Yong, Executive Chairman, Raffles Medical Group as well as Mr Alan Chan, Chief Executive Officer, Singapore Press Holdings for being on the Board. Their views and perspectives added depth during their two year terms on the Board.

### **Commitment of the CRA Management Team**

It was a steep learning curve for the CRA Management Team (the CRA Team) in this greenfield area; they had to quickly, and at times, intuitively build on their innate professional abilities to bring the critical public value and characteristic public service commitment to the operational challenges. It was nothing short of classic team-work, ably led by the Chief Executive and his senior officers which gave substance to the regulatory regime.

The CRA Team, in its operations, will continue to work and liaise closely and more intensively with our enforcement and intelligence agencies, the Policy and Operations Division of MHA as well as the Attorney General's Chambers. The CRA Team will intelligently keep abreast of trends, best practices, and technological developments in other casino jurisdictions to continuously enrich and strengthen our casino governance and industry. The CRA will also continue to consult closely and professionally with the various industry stakeholders, including the two casino operators.

### **Responsibilities of Licensees: RWS and MBS**

In turn, we expect RWS and MBS, as licensees, to engage with us constructively and proactively, bringing in the best industry practices and unambiguously complying with the Casino Control Act, the Regulations thereunder and the various Codes and Technical Standards. CRA's approach is not to micromanage the casino operations of RWS and MBS; they know their business best. At the same time, a high level of self-regulation is expected from the casino operators. The boundary markers are clear: they must take ownership, undertake their necessary due diligence, and do their part as responsible operators to tackle issues of crime, law and order, dishonest gaming, and ensure that regulatory and social safeguards are implemented according to the spirit and letter of the requirements. Should the casino operators be found to have breached any of the regulatory requirements, we will not hesitate to take them to task and let the law take its course. For there is a larger issue: the reputation of Singapore as a respectable gaming jurisdiction.

## Continue to Learn and Adapt

This year's theme, "Strengthening Basics, Enhancing Capabilities," serves to remind CRA officers to remain committed to learning and adapting as we consolidate lessons learnt and strengthen our processes. Our journey towards building a world-class first-tier compliance culture that fosters a self-regulating casino industry is just beginning.

A handwritten signature in black ink, appearing to read 'Richard Magnus', with a long horizontal flourish extending to the right.

**Richard Magnus**  
Chairman



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## CHIEF EXECUTIVE'S MESSAGE



“Over time, it is imperative for our officers to build up a strong repository and reservoir of knowledge so that they can fully grasp the intricacies and nuances of the business and become experts in their respective domains, consistent with our quest to be the referenced regulator.”

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2010 has been a landmark year for the Casino Regulatory Authority (CRA). The opening of the two Integrated Resorts (IRs) – Resorts World Sentosa and Marina Bay Sands – are milestones in Singapore's history. Within the IRs, among other key attractions, are Singapore's first casinos.

**From Preparation to Operationalisation**

The opening of the two casinos was generally smooth. This was the culmination of many months of extensive preparations by the CRA. Right from the beginning, CRA had set out to develop a robust casino regulatory framework anchored on the Casino Control Act. Much work was undertaken by CRA officers to put together the details of the regulatory framework, which was developed through adoption of international best practices, feedback from the industry and close consultation among government agencies. In developing this framework, CRA had sought to balance the twin objectives of keeping crime out from the casinos and ensuring the integrity of gaming, whilst providing a conducive environment for the casino business to succeed in Singapore.

In the lead-up to the issuance of the casino licences and the opening of the casinos, CRA conducted extensive suitability investigations on the casino licence applicants and their associates, and assessed and approved key systems. CRA also assessed and approved more than 2,200 electronic gaming machines (EGMs) and 35 types of gaming equipment deployed in the casinos, and conducted on-site verification of the gaming equipment. In addition, CRA processed and issued more than 6,000 special employee licences (SEs) to casino employees deployed in gaming-related functions in the two casinos, working closely with the casino operators.

## Working with Strategic Partners

CRA has trained and prepared our officers to the extent possible to deal with the complexities of casino regulation. Officers were sent overseas on study trips and training attachments to study best practices and gain hands-on experience in established international jurisdictions. CRA's active participation in the international community of gambling regulators, such as the International Association of Gaming Regulators (IAGR) and the Australasian Casino and Gaming Regulators (ACGR), has allowed CRA to tap on the expertise of experienced casino regulators and learn from international best practices. We are grateful to our counterpart regulators for their willingness to share and extend training opportunities to us. In particular, we thank the Nevada Gaming Control Board, the Victorian Commission for Gaming Regulation, the Queensland Office of Gaming Regulation and the New South Wales Casino, Liquor and Gaming Control Authority.

We will continue to work closely with our foreign counterparts to further strengthen our ties and enhance sharing of best practices and regulatory information. Locally, we have also worked closely with local government agencies and will continue to do so.

CRA has forged strong collaborations with the Casino Crime Investigation Branch (CCIB), and the Commercial Affairs Department (CAD) of the Singapore Police Force (SPF), as members of the Home Team, with a view to ensuring the integrity of gaming, and pre-empting and tackling crime-related issues at the casinos. CCIB also worked with the CRA and the Attorney General's Chambers to ensure that offenders who have tried their luck at committing crimes at the newly opened casinos are duly penalised for their offences and that a strong deterrent message is sent out to persons and syndicates, local or foreign, contemplating such offences.

CRA works closely with the Ministry of Community Development, Youth and Sports (MCYS) to implement the various social safeguards measures, such as the entry levy system and exclusion orders for problem gamblers and other vulnerable groups.

CRA has also worked with the Singapore Accreditation Council (SAC) to launch the Accreditation Scheme for Gaming Laboratories to provide third party assurance that the testing of gaming equipment is carried out by professional and competent laboratories, giving the public greater confidence in the testing of the gaming equipment used in Singapore's casinos. SAC and CRA co-chaired a Working Group of representatives from testing labs, gaming manufacturers and independent academia, to develop the gaming accreditation programme.

On this note, I would like to thank CRA's strategic partners for their strong support and contributions. We look forward to renewing our partnerships with fellow local government agencies, referenced jurisdictions, and industry stakeholders, while forging new ones.

## Valuing People

I would like to commend all CRA officers for their commitment, resilience, hard work and pioneering effort in setting up the regulatory framework and learning the entirely new field of regulating casinos. What I am delighted by is the fact that the many new officers in the different divisions within CRA have combined together as a highly synergistic team and delivered the regulatory framework and outcomes that we were looking for. It was a herculean task to see through the opening of two casinos just two months apart, and the CRA officers have performed commendably. The past year has been a busy one for all staff who worked tirelessly as a team to learn from each challenge and further build our credibility and professionalism as a referenced regulator. Their commitment and passion have been a hallmark of our new organisation.

CRA was established just two years ago and from a young organisation, we have grown to a full-fledged regulator today. As the organisation grows, so have our people. I am pleased to announce that the pioneer batch of officers on CRA's very own Casino Regulatory Executive (CRX) scheme has been promoted. We recognise the potential in our officers whom we wish to see constantly developing and growing in their careers at CRA as it matures as an organisation and grows from strength to strength.

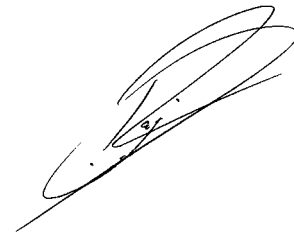


## Strengthening Basics, Enhancing Capabilities

Training and development will continue to be an area of focus in the year ahead as we equip our staff to increase their knowledge and competencies for their work. This year's theme appropriately is "Strengthening Basics, Enhancing Capabilities". CRA has built a good foundation and already has good knowledge of the industry. Moving forward, we need to strengthen this knowledge that our officers have and deepen it even further. Over time, it is imperative for our officers to build up a strong repository and reservoir of knowledge so that they can fully grasp the intricacies and nuances of the business and become experts in their respective domains, consistent with our quest to be the referenced regulator.

The casinos industry is evolving at a fast rate and CRA must continually review the regulatory framework to ensure that it remains relevant and nimble. We now have in place a regulatory framework that was developed through consultation with the industry. Regular engagement with our overseas counterparts has given us the necessary knowledge to flesh out the framework completely. As we put the whole regulatory framework into practice and operationalise work processes, we expect that these would need to be enhanced on an ongoing basis to strengthen them and make them more robust. This will come with the benefit of practical knowledge.

As we look forward to another year of exciting and new challenges, CRA has successfully achieved several major milestones despite its young history. But there is more to be done and the CRA needs to keep striving for excellence. We are looking ahead and putting in place organisational excellence frameworks and measures, and target to achieve International Organisation for Standardisation (ISO) certification by FY 2010/2011 and build up our organisational capabilities. With the support of the CRA Board, the Ministry of Home Affairs, and each and every CRA officer, I am confident that the CRA will rise to the challenge in its journey towards becoming the referenced regulator.



**T. Raja Kumar**  
Chief Executive

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## BOARD MEMBERS

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**Mr. Richard Magnus**  
Chairman



**Mr. Benedict Cheong**  
Chief Executive Officer  
Temasek Foundation CLG Ltd



**Ms. Chua Sock Koong**  
Group Chief Executive Officer  
SingTel



**Ms. Goh Soon Poh**  
Deputy Secretary (Policy)  
Ministry of Home Affairs



**Mr. Ng Joo Hee**  
Commissioner of Police  
Singapore Police Force



**Mr. Leo Mun Wai**  
Assistant Managing Director  
(Capital Markets)  
Monetary Authority of Singapore



**Mr. Lim Hock Chuan**  
Deputy Secretary(Performance)  
Ministry of Finance



**Mr. Lim Lee Meng**  
Senior Partner  
Chio Lim Stone Forest



**Mr. Gerald Singham**  
Partner  
Rodyk & Davidson LLP





**Mr. David Wong**  
**Chairman**  
 Ascendas Funds Management (S) Ltd

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**Mr. Ernest Wong**  
**Member**  
 Temasek Advisory Panel

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**Mr. Jeffrey Wong**  
**Director, Defence Finance Organisation**  
 Ministry of Defence

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**Former Board Members**

Our heartfelt thanks go out to the following former Board Members for their invaluable contributions during their terms of office.



**Mr. Alan Chan**  
**Chief Executive Officer**  
 Singapore Press Holdings  
 Member from 2 Apr 08 to 24 Jun 10

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**Mr. Khoo Boon Hui**  
**Former Commissioner of Police, currently Senior Deputy Secretary**  
 Ministry of Home Affairs  
 Member from 2 Apr 08 - 31 Jan 10

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**Dr. Loo Choon Yong**  
**Executive Chairman**  
 Raffles Medical Group  
 Member from 2 Apr 08 - 23 Sep 09

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## SENIOR MANAGEMENT



From left to right

**MS. YEO PIA JEE**  
Director  
Inspection & Compliance

**MR. EE KIAM KEONG**  
Director  
Gaming Technology & ICT Systems

**MS. FLORENCE CHUA**  
Director  
Investigations

**MR. T. RAJA KUMAR**  
Chief Executive

**MR. TAN TECK WANG**  
General Counsel  
Legal

**MS. EVON NG**  
Director  
Licensing

**MR. ONG CHUN KIAT**  
Director  
Planning & Policy

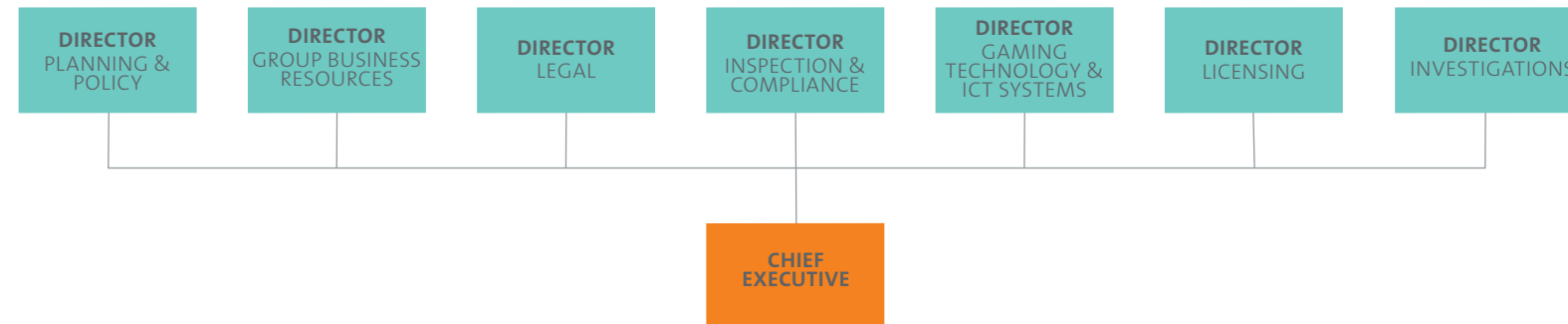
**MS. PAULINE YEE**  
Director  
Group Business Resources



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## ORGANISATION STRUCTURE



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The Casino Regulatory Authority was set up on 2 April 2008 as a Statutory Board under the Ministry of Home Affairs to administer and enforce the Casino Control Act. We ensure that the casinos are free from criminal influence and that gaming in a casino is conducted honestly. We regulate the casinos to contain the potential of a casino to cause harm to minors, vulnerable persons and society at large.

### Planning & Policy Division

The Planning and Policy Division is responsible for policy development, strategic planning, research and corporate communications.

### Group Business Resources Division

The Group Business Resources Division is responsible for the formulation, implementation and review of policies relating to CRA's Human Resource, Finance and Administration functions so as to support the operational divisions in achieving CRA's overall mission.

### Legal Division

The Legal Division provides legal advice and support to the CRA in the performance of statutory functions and duties.

### Inspection And Compliance Division

The Inspection and Compliance Division is responsible for setting the Internal Controls Code and supervising the casino operators to ensure that their internal controls meet CRA's requirements. It is also responsible for the investigation of gaming patron disputes with the casino operators.

### Gaming Technology & ICT Systems Division

The Gaming Technology and ICT Systems Division leverages on technology and infrastructure as strategic enablers to meet the CRA's mission.

### **Licensing Division**

The Licensing Division administers the licensing regime for casino operators, casino employees and junket promoters as well as the approval listing of gaming machine manufacturers and suppliers. In addition, the Licensing Division oversees the controlled contracts regime.

### **Investigations Division**

The Investigations Division conducts due diligence checks on licence applicants and investigates all breaches of the Casino Control Act, regulations and licensing conditions.



HIGHLIGHTS

- [Milestones and Achievements](#)

- [Awards](#)

## MILESTONES AND ACHIEVEMENTS

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CRA awarding an SRTL certificate to BMM Australia Pty Ltd.

### Jun 09 – Apr 10

#### Singapore Recognised Testing Laboratories (SRTLs)

Six gaming laboratories were granted Singapore Recognised Testing Laboratories status by April 2010. These SRTLs are authorised by CRA to provide testing services for gaming equipment to ensure that they comply with CRA standards before deployment in the casinos.

### Jun 09 – Apr 10

#### Approval of Gaming Machine Manufacturers and Suppliers

CRA assessed and approved 21 gaming machine manufacturers and suppliers from various countries including Australia and USA.

### Jun 09 – Apr 10

#### Approval of Games and Gaming Equipment

CRA assessed and approved more than 2,200 electronic gaming machines (EGMs), 7 electronic table games (ETGs), 300 game titles and 35 types of gaming equipment over an intensive period prior to the opening of the casinos. Through technology study and industry consultation, CRA processed and completed the approval of all the gaming equipment and conducted on-site verification for deployment at the casinos.

### 1 - 2 Jul 09

#### Inaugural CRA-CID Joint Training Symposium

CRA and the Criminal Investigation Department (CID) of the Singapore Police Force co-organised the first Joint Training Symposium in 2009. Minister for Law & Second Minister for Home Affairs, Mr. K. Shanmugam, was the Guest-of-Honour at the event.

More than 150 officers from CRA, CID and other local government agencies had an opportunity to learn from experienced overseas regulatory and law enforcement officers about casino regulation and enforcement efforts in their jurisdictions. Workshops were also conducted to provide officers with in-depth knowledge of the different aspects of the industry.



CRA officer verifying gaming machine onsite.



Minister for Law & Second Minister for Home Affairs, Mr. K. Shanmugam, speaking at the Inaugural CRA-CID Joint Training Symposium.



*Minister for Law & Second Minister for Home Affairs, Mr. K. Shanmugam, viewing a gaming equipment demonstration conducted by a CRA officer at the Inaugural CRA-CID Joint Training Symposium.*



*CRA officers attending workshops at the Inaugural CRA-CID Joint Training Symposium.*



*The International Advisory Panel meeting with the CRA Board.*

## **Jul 09 – Sep 09**

### **Technical Standards for Cashless Wagering Systems, Electronic Shufflers and Electronic Table Games**

The technical standards for Cashless Wagering Systems, Electronic Shufflers, and Electronic Table Games were promulgated following CRA's process of technology study and industry consultation. The technical standards were published on the CRA website to provide greater clarity for gaming equipment manufacturers as well as casino operators.

## **25 - 27 Aug 09**

### **CRA Inaugural International Advisory Panel**

CRA convened its inaugural International Advisory Panel meeting in Aug 2009. The Panel members are distinguished former gaming regulator and respected industry expert, Mr. Peter Dean and Mr. David Ford respectively, who provided CRA with their insights on the casino industry and on the preparations for the opening of the casinos.

## **Sep 09 – Feb 10**

### **Casino Control Regulations**

CRA promulgated 15 Regulations with the approval of the Minister for Home Affairs, under the authority of the Casino Control Act. These covered casino operations, casino and special employee licences, gaming equipment, junkets, contracts, and social safeguards. The casino operators and other persons who have dealings with or on behalf of the casinos (including employees, vendors and patrons) have to comply with these regulations.

## **1 Oct 09**

### **Singapore Accreditation Council Soft Launch of Accreditation Scheme for Gaming Laboratories**

The Singapore Accreditation Council (SAC) launched the Accreditation Scheme for Gaming Laboratories to provide third party assurance that the testing of gaming equipment is carried out by professional and competent laboratories. Gaming equipment used in the casinos in Singapore are tested by laboratories accredited by SAC. This provides manufacturers, casino operators, regulators and the public greater confidence in the testing of the gaming equipment. CRA also assisted SAC in co-chairing a Working Group of representatives from testing labs, gaming manufacturers and independent academia, to develop the gaming accreditation programme.

## **14 Oct 09**

### **Technical Notices for Gaming Equipment**

The technical notices for Auxiliary Table Game Systems, Card Shoes, Chips, Dice, Money Wheels, Pai Gow Tiles, Playing Cards, and Roulette Wheels were promulgated following CRA's process of technology study and industry consultation. The technical notices were published on the CRA website to provide greater clarity for gaming equipment manufacturers as well as casino operators.





*CRA Inspecting casino operations.*



*CRA awarding the casino licence to Resorts World at Sentosa Pte. Ltd.*



*CRA awarding the casino licence to Marina Bay Sands Pte. Ltd.*

## **Jan - Apr 10**

### **Special Employee Licences (SELs)**

The Licensing Division of CRA issued more than 6000 SELs for the two casinos over an intensive period prior to the opening of the casinos. As part of the application process, due diligence checks are conducted on all licence applicants to ensure that they meet the criteria laid out in the Casino Control Act.

## **Feb 10 – Apr 10**

### **Approval of the Operators' Systems of Internal Controls and Administrative and Accounting Procedures**

CRA reviewed and approved the operators' systems of Internal Controls and Administrative and Accounting Procedures. These Controls and Procedures stipulate procedures that ensure accountability, proper documentation, work segregation, security, and timely review in the casinos' operations.

## **Feb 10 – Apr 10**

### **First Deployment of CRA Inspectors On-site**

CRA deployed our first batches of inspectors to the casinos.

## **Feb 10 – Apr 10**

### **Game Rules**

Casino operators are required to obtain CRA's approval for the games that may be played in a casino, their mode of play and game rules. They are published on the CRA website and provide clarity for patrons playing the games.

## **6 Feb 10**

### **Issuance of Casino Licence to RWS**

CRA issued the casino licence to Resorts World Sentosa Pte. Ltd. on 6 Feb 2010.

## **15 Mar 10**

### **Completed IM8 Audit**

CRA achieved 100% compliance to the IM8 Governance of ICT Systems health-check. The IM8 health-check was conducted by an external auditor.

## **26 Apr 10**

### **Issuance of Casino Licence to MBS**

CRA issued the casino licence to Marina Bay Sands Pte. Ltd. on 26 Apr 2010.

HIGHLIGHTS

- Milestones and Achievements

- Awards

## AWARDS



### Long Service Medal

Mr. T. Raja Kumar, Chief Executive, Casino Regulatory Authority was awarded the Long Service Medal. The Long Service Medal is awarded to Singapore Police Force (SPF) officers who have served 25 years, are of irreproachable character and have shown consistent good performance. Mr. Raja held various leadership portfolios within the SPF and, on 10 Apr 2008, was appointed the first Chief Executive of the CRA. He brings with him vast experience in law and order, intelligence and operations to this pioneer statutory board to develop the regulatory framework and regime for the casinos within the Integrated Resorts.

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### Minister for Home Affairs National Day Individual Award 2009

Mr. James Chan Yong Kiat was awarded the Minister for Home Affairs National Day Individual Award which is given to officers for outstanding efficiency, competency and significant achievement. James was one of the three pioneers in the Casino Regulatory Division (CRD). He was also involved in the development of casino regulatory policies, licensing policies, anti-money laundering regulations, and surveillance systems and standards. James played an instrumental role in establishing a good network with overseas gaming regulators which was crucial in facilitating the development of CRA's regulatory framework.



### Home Team Achievement (Team) Award

Ms. Yen Wai Yeng was awarded the Home Team Achievement (Team) Award which recognises outstanding efforts by Home Team officers who work across Departmental or Divisional boundaries while achieving exceptional operational outcomes. Wai Yeng demonstrated the ability to work well under pressure and showed excellent collaborative efforts as she coordinated the vaccination of CRA's Essential Service Personnel. This was part of the Whole-of-Government response to the H1N1 threat and the effective containment and mitigation during the different phases of the pandemic.



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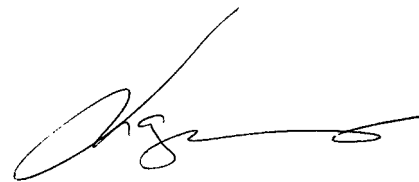
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## STATEMENT BY THE CASINO REGULATORY AUTHORITY OF SINGAPORE

In our opinion, the accompanying balance sheet, comprehensive income and expenditure statement, statement of changes in equity and cash flow statement together with notes thereto of the Casino Regulatory Authority of Singapore (the "Authority") as set out on pages 27 to 47 are drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 March 2010 and of the results, changes in equity and cash flows of the Authority for the financial year ended 31 March 2010.

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On Behalf of the Authority



**Richard Magnus**  
Chairman



**T. Raja Kumar**  
Chief Executive

Singapore  
9 July 2010

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## INDEPENDENT AUDITORS' REPORT

For the financial year ended 31 March 2010  
To Casino Regulatory Authority of Singapore

We have audited the accompanying financial statements of Casino Regulatory Authority of Singapore (the "Authority") set out on pages 27 to 47 which comprise the balance sheet of the Authority as at 31 March 2010, the comprehensive income and expenditure statement, the statement of changes in equity and cash flow statement of the Authority for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

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### 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 Casino Control Act (Cap. 33A) (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRS"). This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; 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 SB-FRS so as to give a true and fair view of the state of affairs of the Authority as at 31 March 2010 and the results, changes in equity and cash flows of the Authority for the financial 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.

A handwritten signature in black ink, appearing to read 'Ernst & Young' followed by a stylized 'U' and 'A'.

Ernst & Young LLP  
Public Accountants and  
Certified Public Accountants  
Singapore  
9 July 2010

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## BALANCE SHEET

As at 31 March 2010

	Note	2009/2010 \$	2008/2009 \$
<b>Equity</b>			
Capital account	3	36,001,000	20,102,365
Accumulated deficit		(22,163,478)	(9,795,779)
<b>Total equity</b>		<b>13,837,522</b>	<b>10,306,586</b>
Represented by:			
<b>Non-current assets</b>			
Plant and equipment	4	2,788,424	4,214,496
Intangible assets	5	883,165	1,003,350
		3,671,589	5,217,846
<b>Current assets</b>			
Trade and other receivables	6	231,861	290
Prepaid operating expenses		400,783	46,001
Deposits		508,264	502,424
Cash and cash equivalents	7	58,230,055	6,119,123
		59,370,963	6,667,838
<b>Total assets</b>		<b>63,042,552</b>	<b>11,885,684</b>
<b>Current liabilities</b>			
Trade and other payables	8	3,622,741	608,560
Fees received in advance	9	15,220,839	-
Prepayment	10	1,950,216	450,000
Amount due to parent ministry	11	-	343,096
		20,793,796	1,401,656
<b>Net current assets</b>		<b>38,577,167</b>	<b>5,266,182</b>
<b>Non-current liabilities</b>			
Fees received in advance	9	27,780,822	-
Provision for retention bonus	12	630,412	177,442
		28,411,234	177,442
<b>Total liabilities</b>		<b>49,205,030</b>	<b>1,579,098</b>
<b>Net assets</b>		<b>13,837,522</b>	<b>10,306,586</b>

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

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## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

For the financial year ended 31 March 2010

	Note	Year ended 31.3.2010 \$	2.4.2008 to 31.3.2009 \$
<b>Income</b>			
License fee		2,219,178	–
Application fees		2,055,440	542
		4,274,618	542
<b>Expenditure</b>			
Expenditure on Manpower	13	(9,497,091)	(4,945,621)
Staff welfare and development		(458,476)	(339,351)
Rental of premises and others		(1,650,382)	(1,547,213)
Maintenance		(243,426)	(86,466)
Impairment loss on property, plant and equipment		(555,283)	–
Depreciation of plant and equipment	4	(888,346)	(890,754)
Amortisation of intangible assets	5	(230,765)	(102,214)
Utilities		(156,438)	(180,427)
Communications		(377,515)	(263,737)
Management and professional services		(2,017,483)	(1,061,273)
Financial expenses	14	–	(5,640)
Other operating expenses		(619,134)	(373,625)
		(16,694,339)	(9,796,321)
<b>Operating deficit</b>		(12,419,721)	(9,795,779)
<b>Non-operating income</b>			
Interest income		44,429	–
Other income		7,593	–
<b>Deficit before statutory contribution to consolidated fund</b>	15	(12,367,699)	(9,795,779)
Statutory contribution to consolidated fund	16	–	–
<b>Deficit for the year/period, representing total comprehensive income for the financial year</b>		(12,367,699)	(9,795,779)

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



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## STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2010

	Note	Capital account \$	Accumulated deficit \$	Total \$
Balance as at 2 April 2008 (date of formation)		-	-	-
Issue of shares to Minister for Finance	3	20,102,365	-	20,102,365
Deficit for the period, representing total other comprehensive expense for the period		-	(9,795,779)	(9,795,779)
Balance as at 31 March 2009		20,102,365	(9,795,779)	10,306,586
Issue of shares to Minister for Finance	3	15,898,635	-	15,898,635
Deficit for the year, representing total other comprehensive expense for the year		-	(12,367,699)	(12,367,699)
<b>Balance as at 31 March 2010</b>		<b>36,001,000</b>	<b>(22,163,478)</b>	<b>13,837,522</b>

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

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## CASH FLOW STATEMENT

For the financial year ended 31 March 2010

	Note	2009/2010 \$	2008/2009 \$
<b>Cash flows from operating activities:</b>			
Deficit before statutory contribution to consolidated fund		(12,367,699)	(9,795,779)
Adjustments for:			
Depreciation of plant and equipment	4	888,346	890,754
Impairment loss on plant and equipment		555,283	-
Amortisation of intangible assets	5	230,765	102,214
Interest expense	14	-	5,640
Provision for unutilised leave		190,983	287,649
Provision for retention bonus	12	452,970	177,442
Plant and equipment expensed off	15	149,507	75,504
<b>Deficit before working capital changes</b>		<b>(9,899,845)</b>	<b>(8,256,576)</b>
Operating cash flows before working capital changes:			
Increase in trade and other receivables		(231,571)	(290)
Increase in prepaid operating expenses	A	(354,782)	(46,001)
Increase in deposits		(5,840)	(502,424)
Increase in trade and other payables		2,823,198	320,911
Increase in prepayment		1,500,216	450,000
(Decrease)/increase in amount due to parent ministry		(343,096)	343,096
Increase in fees received in advance		43,001,661	-
<b>Net cash generated from/(used) in operating activities</b>		<b>36,489,941</b>	<b>(7,691,284)</b>
<b>Cash flows from investing activities:</b>			
Purchase of plant and equipment		(518,492)	(5,180,754)
Purchase of intangibles		(110,580)	(1,105,564)
Proceeds from sales of plant and equipment		351,428	-
<b>Net cash used in investing activities</b>		<b>(277,644)</b>	<b>(6,286,318)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issue of shares to Minister for Finance	3	15,898,635	20,102,365
Bridging loan obtained from the Government of the Republic of Singapore		-	2,000,000
Repayment of bridging loan from the Government of the Republic of Singapore		-	(2,000,000)
Interest paid		-	(5,640)
<b>Net cash from financing activities</b>		<b>15,898,635</b>	<b>20,096,725</b>
Net increase in cash and cash equivalents		52,110,932	6,119,123
Cash and cash equivalents at beginning of the year/date of formation		6,119,123	-
<b>Cash and cash equivalents at end of the year/period</b>	<b>7</b>	<b>58,230,055</b>	<b>6,119,123</b>

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### Notes to the consolidated statement of cash flows

#### A. Increase in prepaid operating expenses

Included in the increase in prepaid operating expenses is \$351,279 (2008/2009: nil) receivable from a third party vendor for the disposal of the furniture, fittings, tools and equipments under the ("SOEasy") arrangement as disclosed in Note 17(b). The receivable will be offset against future subscription for the use of computer equipment and its related services provided by a third party vendor.

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

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## NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2010

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### 1. General

The Casino Regulatory Authority of Singapore (the “Authority”) was established under Casino Control Act (Cap. 33A) (the “Act”) on 2 April 2008 as a statutory board.

The Authority has its registered office at 460 Alexandra Road, PSA Building, #01-01 Singapore 119963.

The objects of the Authority are to maintain and administer systems for the licensing, supervision and control of casinos, for the purpose of -

- (a) ensuring that the management and operation of a casino is and remains free from criminal influence or exploitation;
- (b) ensuring that gaming in a casino is conducted honestly; and
- (c) containing and controlling the potential of a casino to cause harm to minors, vulnerable persons and the society at large.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

The financial statements of the Authority for the financial year ended 31 March 2010, have been drawn up in accordance with the provisions of the Act and the Statutory Board Financial Reporting Standards (“SB-FRS”).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

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

#### 2.2 Changes in accounting policies

The Authority has adopted all the new and revised SB-FRS and INT SB-FRS that are mandatory for financial year beginning on or after 1 April 2009.

The adoption of these SB-FRS and INT SB-FRS has no significant impact on the Authority except for SB-FRS 1 and SB-FRS107 as indicated below.

##### *FRS 1 Presentation of Financial Statements – Revised Presentation*

The revised SB-FRS 1 introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Authority has elected to present this statement as one single statement.



## 2.2 Changes in accounting policies (continued)

### Amendments to SB-FRS 107 Financial Instruments: Disclosures

The amendments to SB-FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Notes 19 and 18 the financial statements respectively.

## 2.3 SB-FRS and INT SB-FRS not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to SB-FRS 27 Consolidated and Separate Financial Statements	1 July 2009
Amendments to SB-FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Item	1 July 2009
Revised SB-FRS 103 Business Combinations	1 July 2009
Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
INT SB-FRS 117 Distributions of Non-cash Assets to Owners	1 July 2009
Amendments to SB-FRS 102 Share-based payments: Group Cash-settled Share-based Payment Transactions	1 January 2010
Amendments to SB-FRS 108 Operating Segments	1 January 2011
Improvements to FRSs issued in 2009:	
– Amendments to SB-FRS 38 Intangible Assets	1 July 2009
– Amendments to SB-FRS 102 Share-based Payment	1 July 2009
– Amendments to SB-FRS 108 Operating Segments	1 July 2009
– Amendments to INT SB-FRS 109 Reassessment of Embedded Derivatives	1 July 2009
– Amendments to INT SB-FRS 116 Hedges of a Net Investment in a Foreign Operation	1 July 2009
– Amendments to SB-FRS 1 Presentation of Financial Statements	1 January 2010
– Amendments to SB-FRS 7 Statement of Cash Flows	1 January 2010
– Amendments to SB-FRS 17 Leases	1 January 2010
– Amendments to SB-FRS 36 Impairment of Assets	1 January 2010
– SB-FRS 39 Financial Instruments: Recognition and Measurement	1 January 2010
– Amendments to SB-FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
– Amendments to SB-FRS 108 Operating Segments	1 January 2010
– SB-FRS 32 Amendments – Financial Instruments: Presentation – Classification of Rights Issues	1 February 2010
– INT SB-FRS 119 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
– INT SB-FRS 114 SB-FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements on their Interaction – Amendments relating to Prepayments of a Minimum Funding Requirements	1 January 2011

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.

## **2.4 Significant accounting estimates and judgements**

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

### *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.

### Useful lives of plant and equipment and intangible assets

The cost of plant and equipment and intangible assets for the operations of the Authority is depreciated and amortised on a straight-line basis over the useful lives. Management estimates the useful lives of these plant and equipment and intangibles to be within 3 to 10 years and within 3 to 5 years respectively. These are common life expectancies applied to these plant and equipment and intangible assets. The carrying amount of the Authority's plant and equipment and intangible assets at 31 March 2010 was \$2,788,424 and \$883,165 (2008/2009: \$4,214,496 and \$1,003,350) 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 and amortisation charges could be revised.

### Impairment of non-financial assets

The Authority assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

### Impairment of loans and receivables

The Authority assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Authority considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Authority's loans and receivable at the balance sheet date is disclosed in Note 19 to the financial statements.

## 2.5 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 comprehensive income and expenditure statement.

## 2.6 Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of 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 Authority and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Plant and equipment costing less than \$2,000 each, are charged to the comprehensive income and expenditure statement in the year of purchase as plant and equipment expensed off disclosed in Note 15.

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:

Plant and machinery	–	10 years
Renovation	–	Over the remaining lease period
Furniture, fittings, tools & equipments	–	3 to 8 years
Heritage	–	No depreciation

Assets classified as work-in-progress included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of 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 plant and equipment.

An item of 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 comprehensive income and expenditure statement in the year the asset is derecognised.

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



## **2.7 Intangible assets**

Intangible assets acquired, which comprise 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.

Assets classified as work-in-progress included in intangible assets are not amortised as these assets are not yet available for use.

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 comprehensive 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.

## **2.8 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 expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the comprehensive income and expenditure statement.

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. 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 comprehensive income and expenditure statement.

## **2.9 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.

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in the comprehensive income and expenditure statement.

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

### *Loans and receivables*

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the comprehensive income and expenditure statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

- (a) Cash and cash equivalents
- (b) Trade and other receivables
- (c) Deposits

## **2.10 Cash and cash equivalents**

Cash and cash equivalents comprise cash held with banks and with Accountant-General's Department ("AGD"), that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents carried in the balance sheet are classified and accounted for as loans and receivables under SB-FRS 39. The accounting policy is stated in Note 2.9.

## **2.11 Trade and other receivables**

Other receivables are classified and accounted for as loans and receivables under SB-FRS 39. The accounting policy for this category of financial assets is stated in Note 2.9.

An allowance is made for uncollectible amounts when there is 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.

### **2.12 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.

#### *Assets carried at amortised cost*

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 comprehensive income and expenditure statement.

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the comprehensive 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 Financial liabilities**

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 recognised initially at fair value, plus directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in the comprehensive income and expenditure statement when the liabilities are derecognised, and through the amortisation process.

### **2.14 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. If the effect of the time value of money is material, provisions are discounted to its net present value.



## **2.15 Employee benefits**

### *(a) Defined contribution plans*

Defined contribution plans are post-employment benefits plans under which the Authority pays fixed contributions into separate entities such as the Central Provident Fund Board on a mandatory, contractual or voluntary basis. The Authority has no further payment obligations once the contributions have been paid. The Authority's contributions are recognized in the comprehensive income and expenditure statement when they are due.

### *b) 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.

### *(c) Retention bonus*

The retention bonus due to employees is determined based on the expected payout to be made by the Authority in respect of services rendered by these employees up to the balance sheet date.

## **2.16 Borrowing costs**

Borrowing costs are generally expensed as incurred.

## **2.17 Fair value estimation of financial assets and liabilities**

The fair value of current financial assets and liabilities carried at amortised cost, approximate their carrying amount.

The fair value of non-current financial liabilities such as borrowings and provisions for retention bonus carried at amortised cost are estimated by discounting the future contractual cash flows using a suitable discount rate chosen by the Authority for similar financial liabilities.

## **2.18 Leases**

*As lessee*

Operating lease payments are recognised as an expense in the comprehensive 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

Income is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the income can be reliably measured. Income is measured at fair value of the consideration received or receivable.

Income is recognised as follows:

(a) *Casino Licence Fees*

Licence Fees are recognised on a receipt basis that pertains to the respective accounting period. Fees received, which pertain to future accounting period are recognised as fees received in advance.

(b) *Application Fees*

Application fees are recognised upon the receipt of the application form and application fees. Application fees collected but pending application forms are recognised as fees received in advance in the respective accounting period.

(c) *Interest income*

Interest income is recognised on accrual basis.

### 2.20 Sales tax

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

- (a) 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
- (b) 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.

### 2.21 Capital

Proceeds from issuance of shares are recognised as capital in equity.

## 3. Capital Account

	2009/2010		2008/2009	
	Number of shares	\$	Number of shares	\$
Issued and paid up:				
At 1 April 2009/2 April 2008	20,102,365	20,102,365	–	–
Issued during the year	15,898,635	15,898,635	20,102,365	20,102,365
At 31 March	36,001,000	36,001,000	20,102,365	20,102,365

The capital account consists of shares issued to the Minister for Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act (Cap.183) for equity injection.

#### 4. Plant and equipment

	Plant and machinery	Renovation	Furniture, fittings, tools and equipments	Heritage	Work-in-progress	Total
	\$	\$	\$	\$	\$	\$
Cost:						
At 2 April 2008	–	–	–	–	–	–
Additions	619,636	1,174,941	2,907,905	130,964	271,804	5,105,250
Transfer from work-in-progress	–	–	271,804	–	(271,804)	–
At 31 March 2009	619,636	1,174,941	3,179,709	130,964	–	5,105,250
Additions	–	50,512	318,473	–	–	368,985
Disposals	–	–	(509,333)	–	–	(509,333)
At 31 March 2010	619,636	1,225,453	2,988,849	130,964	–	4,964,902
Accumulated depreciation and impairment loss:						
At 2 April 2008	–	–	–	–	–	–
Depreciation for the period	61,532	198,581	630,641	–	–	890,754
At 31 March 2009	61,532	198,581	630,641	–	–	890,754
Depreciation for the year	62,476	202,467	623,403	–	–	888,346
Impairment loss	100,433	355,774	99,076	–	–	555,283
Disposals	–	–	(157,905)	–	–	(157,905)
At 31 March 2010	224,441	756,822	1,195,215	–	–	2,176,478
Carrying amount:						
At 31 March 2010	395,195	468,631	1,793,634	130,964	–	2,788,424
At 31 March 2009	558,104	976,360	2,549,068	130,964	–	4,214,496

With the development of PSA Building by the landlord, the Authority has vacated from one of the premises to a different level offered by the landlord within the same building subsequent to year end. It has resulted in an impairment loss of \$555,283 (2008/2009: nil) on the plant and equipment. The relocation and renovation costs including furniture and fittings for the new units will be borne by the landlord.



## 5. Intangible assets

	Computer software	Work-in-Progress	Total
	\$	\$	\$
Cost:			
At 2 April 2008	–	–	–
Additions	930,435	175,129	1,105,564
Transfer from work-in-progress	175,129	(175,129)	–
At 31 March 2009	1,105,564	–	1,105,564
Additions	110,580	–	110,580
At 31 March 2010	1,216,144	–	1,216,144
Accumulated amortisation:			
At 2 April 2008	–	–	–
Amortisation for the period	102,214	–	102,214
At 31 March 2009	102,214	–	102,214
Amortisation for the year	230,765	–	230,765
At 31 March 2010	332,979	–	332,979
Carrying amount:			
At 31 March 2010	883,165	–	883,165
At 31 March 2009	1,003,350	–	1,003,350

## 6. Trade and other receivables

	2009/2010	2008/2009
	\$	\$
Trade receivables	2,280	290
Interest receivable	42,922	–
Other receivables	186,659	–
	231,861	290

Other receivables refers to estimated costs of investigation accrued for the year which were fully repaid by the applicants in April and May 2010.

## 7. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

	2009/2010	2008/2009
	\$	\$
Cash maintained with Accountant-General's Department ("AGD")	965,586	2,959,815
Cash at banks	57,264,469	3,159,308
	58,230,055	6,119,123

Cash maintained with AGD does not earn any interest.

Cash at bank balance of \$57,264,469 (2008/2009: nil) is maintained with AGD under the Centralised Liquidity Management ("CLM") scheme as a short term deposit with MAS earning interest ranging from 0.38% to 0.44% (2008/2009: nil) per annum.

## 8. Trade and other payables

	2009/2010	2008/2009
	\$	\$
Trade payables	324,929	–
Other payables	200,689	145,212
Accrued operating expenses	2,618,491	175,699
Provision for unutilised leave	478,632	287,649
	3,622,741	608,560

## 9. Fee received in advance

	Application fee	Casino license fees	Total
	\$	\$	\$
Current 2009/2010	220,839	15,000,000	15,220,839
Non-current 2009/2010	–	27,780,822	27,780,822
	220,839	42,780,822	43,001,661

There were no application and casino fees received in the previous year.

## 10. Prepayment

The prepayment amount mainly comprises probity investigation charges paid in advance by the applicants.

## 11. Amount due to parent ministry

Amount due to parent ministry is unsecured, interest free and repayable on demand. The amount was fully repaid in the current financial year.

## 12. Provision for retention bonus

The retention bonus due to employees is determined based on the expected payout to be made by the Authority in respect of services rendered by these employees up to the balance sheet date.

Movement of the provision for retention bonus account is as follows:

	2009/2010
	\$
At 1 April 2009	177,442
Provision for the financial year	452,970
At 31 March 2010	630,412
Current 2009/2010	–
Non-current 2009/2010	630,412
	630,412
Current 2008/2009	–
Non-current 2008/2009	177,442
	177,442

### 13. Expenditure on manpower

	Year ended 31.3.2010	2.4.2008 to 31.3.2009
	\$	\$
Employee benefits expense (including key management personnel):		
Salaries, allowances and bonuses	8,014,243	4,090,382
Defined contribution plans	1,214,493	603,492
Other employee benefits	268,355	251,747
	9,497,091	4,945,621
<b>Compensation of key management personnel</b>		
Salaries, bonuses and others	1,718,091	802,953
Defined contribution plans	162,025	80,324
Total compensation paid to key management personnel	1,880,116	883,277

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.

### 14. Financial expenses

	Year ended 31.3.2010	2.4.2008 to 31.3.2009
	\$	\$
Interest expense on 3 month bridging loan from the Government of the Republic of Singapore	–	5,640

The loan was fully repaid in previous year.

### 15. Deficit before statutory contribution to consolidated fund

The following item has been included in arriving at deficit before statutory contribution to consolidated funds:

	Year ended 31.3.2010	2.4.2008 to 31.3.2009
	\$	\$
Plant and equipment expensed off	149,507	75,504
Goods and Service Tax expensed off	312,942	98,001

### 16. Statutory contribution to consolidation fund

Under Section 13(1)(e) and the First Schedule of the Singapore Income Tax Act, Chapter 134, the income of the Authority is exempt from income tax.

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

There is no contribution for the current financial period and the deficit amount would be carried forward for set-off against future financial years' surpluses.

## 17. Commitments

### (a) Capital commitments

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

	2009/2010	2008/2009
	\$	\$
Capital commitments in respect of plant and equipment	28,500	–

### (b) Operating lease commitments – as lessee

The Authority has entered into operating leases for rental of premises. The non-cancellable leases have tenures of 6 years. Operating lease payments recognised in the comprehensive income and expenditure statement during the year amounted to \$1,464,596 (2008/2009: \$1,533,041).

In addition to the above, the Authority obtains the use of computing equipment and related services under an agreement for a Standard Infocomm Technology Operating Environment (“SOEasy”) arrangement, which was entered into between the government and a third party vendor. The Authority pays a monthly subscription for the use of those equipment and its related services. For the financial year ended 31 March 2010, the Authority made service payments amounting to \$4,788 (2008/2009: nil) under this arrangement.

Future minimum lease payments payable under these operating leases as at 31 March 2010 are as follows:

	2009/2010	2008/2009
	\$	\$
Not later than one year	1,690,012	1,502,760
Later than one year but not later than five years	5,209,055	6,815,066
	6,899,067	8,317,826

## 18. Financial risk management objectives and policies

The Authority’s principal financial instruments comprise of cash and deposits. 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 and other receivables, and trade and other payables and accruals 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 credit risk and liquidity risk. The Authority reviews and agrees on the policies for managing each of these risks and they are summarised below.

### (a) Credit risk

The Authority’s credit risk is primarily attributable to its cash and cash equivalents and other receivables.

The Authority has no significant concentration of credit risk as there are policies that limit the amount of exposure.

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.



## 18. Financial risk management objectives and policies (continued)

### (b) Liquidity risk

The Authority monitors and maintains sufficient cash and cash equivalents to finance its operations.

#### Liquidity risk analyses

The following table details the remaining contractual maturity of the Authority's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Authority can be required to pay.

	On demand or within 1 year	Between 2 to 5 years	Total
	\$	\$	\$
<b>2009/2010</b>			
Trade and other payables	3,144,109	–	3,144,109
Provision for retention bonus	–	686,558	686,558
	3,144,109	686,558	3,830,667
<b>2008/2009</b>			
Trade and other payables	320,911	–	320,911
Provision for retention bonus	–	199,680	199,680
Amount due to parent ministry	343,096	–	343,096
	664,007	199,680	863,687

## 19. Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

#### **Cash and cash equivalents, trade and other receivables, deposits, trade and other payables, amount due to parent ministry**

The carrying amounts approximate fair values due to the relatively short-term maturity of these instruments.

#### **Provision for retention bonus**

The carrying amount approximates fair value as the expected future cash outflow is discounted to its net present value.

Set out below is a comparison by category of carrying amounts of all the Authority's financial instruments that are carried in the financial statements:

## 19. Fair value of financial instruments (continued)

### Classification of financial instruments

	Loans and receivables	Liabilities at amortised cost	Non-financial assets/liabilities	Total
	\$	\$	\$	\$
<b>2009/2010</b>				
<b>Assets</b>				
Plant and equipment	–	–	2,788,424	2,788,424
Intangible assets	–	–	883,165	883,165
Trade and other receivables	231,861	–	–	231,861
Prepaid operating expenses	–	–	400,783	400,783
Deposits	508,264	–	–	508,264
Cash and cash equivalents	58,230,055	–	–	58,230,055
	58,970,180	–	4,072,372	63,042,552
<b>2009/2010</b>				
<b>Liabilities</b>				
Trade and other payables	–	3,144,109	478,632	3,622,741
Fees received in advance	–	–	43,001,661	43,001,661
Prepayment	–	–	1,950,216	1,950,216
Provision for retention bonus	–	630,412	–	630,412
	–	3,774,521	45,430,509	49,205,030
<b>2008/2009</b>				
<b>Assets</b>				
Plant and equipment	–	–	4,214,496	4,214,496
Intangible assets	–	–	1,003,350	1,003,350
Other receivables	290	–	–	290
Prepayment	–	–	46,001	46,001
Deposits	502,424	–	–	502,424
Cash and cash equivalents	6,119,123	–	–	6,119,123
	6,621,837	–	5,263,847	11,885,684
<b>2008/2009</b>				
<b>Liabilities</b>				
Other payables and accruals	–	320,911	287,649	608,560
Prepayment	–	–	450,000	450,000
Amount due to parent ministry	–	343,096	–	343,096
Provision for retention bonus	–	177,442	–	177,442
	–	841,449	737,649	1,579,098

## 20. Capital management

The capital structure of the Authority consists of capital account and accumulated deficit. The Authority's objective when managing capital is to safeguard its ability as a going concern by monitoring and maintaining sufficient cash flow.

## 21. Subsequent event

With the commencement of operations by another casino operator pursuant to the first casino license issued, the Authority will be refunding an amount of \$6,952,055 of the casino license fee paid to the latter, computed in accordance with the Casino Control (Casino Licence and Fees) Regulations 2009 subsequent to year end.

## **22. Comparative figures**

The comparative figures cover the period from 2 April 2008 (date of formation) to 31 March 2009.

## **23. Authorisation of financial statements**

The financial statements of the Authority for the year ended 31 March 2010 were authorised for issue by the members of its Board on 9 July 2010.