Casino Regulatory Authority Annual Report 2014/2015

casino
regulatory
authority

MISSION
VISION
VALUES

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.

To be the Trusted Casino Regulator, Advancing Our Mission with Pride and Integrity for a Safe Singapore

Integrity
Care
Professionalism
Pioneering Spirit
Teamwork

casino regulatory authority

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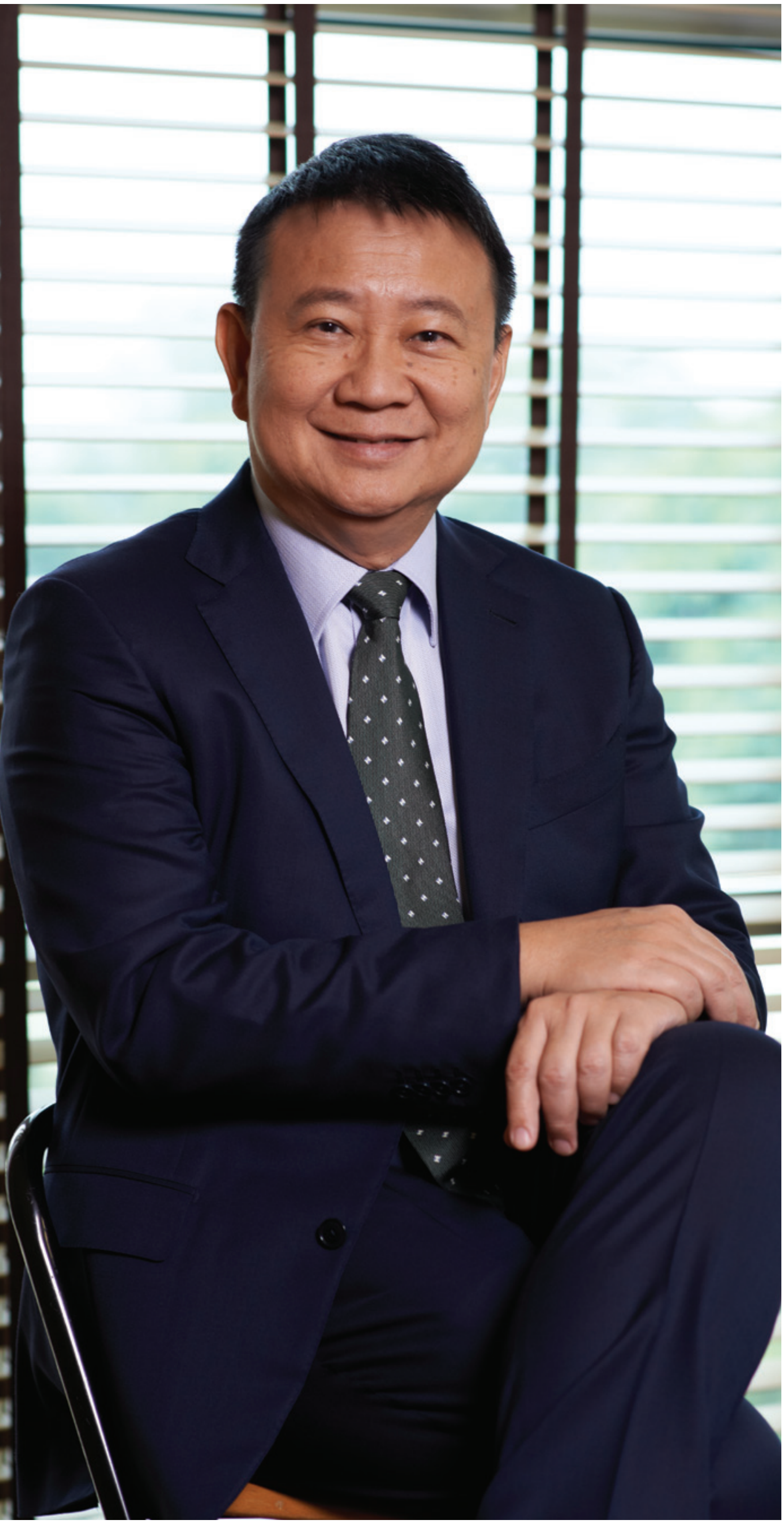
FOREWORD BY THE CHAIRMAN



INTRODUCTION

I joined the Casino Regulatory Authority (CRA) Board as Deputy Chairman on 15 July 2014, and took over as Chairman on 2 April 2015. I would like to thank my predecessor, Mr Richard Magnus for his good work in leading the CRA through its early years and establishing the foundation on which we can prepare to meet the challenges that lie ahead.

LOOKING BACK

CRA has made considerable achievements over the past seven years. In order to effectively regulate the new casino industry in Singapore, CRA has built multi-disciplinary capabilities from scratch. These include the development of the legislative and regulatory framework and the implementation of systems and processes across a range of operations from controls to monitoring, supervision and enforcement. CRA officers were also recruited and trained in the short span of time prior to the opening of the casinos.

This pioneering spirit and hard work by CRA officers has resulted in the casino regulatory regime in Singapore being often cited in the international regulatory community. New Asian jurisdictions contemplating licensing casinos are keen to study CRA. On our part, CRA must acknowledge that the international regulatory community was very helpful to CRA at the beginning, enabling CRA's Leadership Group to look to established regulators to learn from their experience, and to adapt and adopt good practices from around the world.

> "This pioneering spirit and hard work by CRA officers has resulted in the casino regulatory regime in Singapore being often cited in the international regulatory community."

LEE TZU YANG
Chairman

On the international front, CRA has gone on to play a pivotal role in the International Association of Gaming Regulators (IAGR). CRA's Chief Executives have represented CRA and Singapore on the IAGR Board of Trustees and have led IAGR sub-committees in developing common technical standards and multi-jurisdictional business forms to standardise data. This commitment by CRA contributes to the international regulatory community, enabling better cross-jurisdictional comparison to raise standards.

At home, CRA works hand-in-hand with the Singapore Police Force, the Ministry of Social and Family Development and the National Council on Problem Gambling (NCPG) to keep criminal influence or exploitation away from the casinos and ensure the potential of the casino industry to cause harm is contained and controlled. Since their opening in 2010, reported crimes at both casinos have remained low. In their triennial survey on participation in all gambling activities among Singaporean residents, NCPG indicated that the probable pathological and problem gambling rate declined from 2.6% in 2011 to 0.7% in 2014.

INTERNATIONAL DEVELOPMENTS

The non-gaming attractions in Singapore's Integrated Resorts (IRs) have generated considerable interest internationally. The success of Resorts World at Sentosa's Universal Studios Singapore (rated number one amusement park in Asia by TripAdvisor 2015 Travellers' Choice) and the hotels of Marina Bay Sands (ranked best resort hotel for business events by the CEI (Conventions, Events and Incentives) Industry Excellence in Business Events 2015 survey) has made other countries look at these models for their own launches, expansions or improvements. Challenges lie ahead with the broad-based regional expansion of casinos and related resorts in Asia and Australia.

In Macau, new casinos are being developed, such as Studio City by Melco Crown Entertainment, an integrated resort with cinematic-themed entertainment venues due to open in October 2015, while Wynn Palace and The Parisian (by Sands China) are reported to be opening in 2016. The Philippines is in the midst of several openings, expansions and construction of casinos. City of Dreams Manila opened in December 2014, and Resorts World Bayshore and Manila Bay Resorts are expected to open within the next two to three years. In South Korea, upcoming developments such as Resorts World Jeju and integrated resorts near Incheon International Airport are set to open by 2017 and 2019 respectively. Other expansions of gaming facilities are planned in Cambodia, Vietnam and Russia. In Japan, a bill to legalise casinos may be passed by their Diet.

In Australia, the gaming industry is undergoing rejuvenation. The Queensland government recently awarded Destination Brisbane Consortium the right to develop the multi-billion dollar Queen's Wharf project in Brisbane. This development will include a casino – the fifth casino in Queensland. The New South Wales government has granted Crown Resorts permission to operate a VIP restricted gaming facility in Barangaroo, Sydney.

To be an effective regulator in this changing landscape, CRA needs not only to remain vigilant as to these developments, but also as to how Singapore's casino operators and their parent companies are reacting and responding to these changes. Even after Resorts World at Sentosa and Marina Bay Sands were opened five years ago in Singapore, their parent companies have continued to build their presence and expand their businesses in other jurisdictions.

As casino operators become more globalised, their operations span across different jurisdictions, thereby increasing the complexity of the job for regulators. Establishing and maintaining close relationships with other regulators becomes a key tenet of our regulatory work, as we further build our knowledge and skills through the sharing of information, best practices and principles that shape regulatory action. We must at the same time continue to develop our agility, so that we become a regulator that is adaptable and responsive to the changing operating environment yet remain focused on our mission and objectives.

LEADERSHIP AND CULTURE

CRA has had the fortune of having good leadership since its inception. Successive chief executives and our past chairman have emphasised the importance of not just knowledge and capability, but the importance of integrity and fairness. The organisational culture determines the health of CRA as our officers set about to fulfil our mission, and we will continue to build and support this behaviour.

CONCLUSION

As we enter our eighth year of operations, the future looks challenging. The operating environment and global casino industry will evolve, and we need to prepare ourselves to better anticipate and respond effectively to new challenges that will inevitably arise. We continue to work towards our vision of being the trusted regulator, advancing our mission with pride and integrity.

MESSAGE FROM THE CHIEF EXECUTIVE

INTRODUCTION

CRA was established seven years ago to (i) keep the casinos free from criminal influence and exploitation; (ii) ensure that gaming in casinos is conducted honestly; and (iii) contain the potential harms of casino gaming. After another busy year, it is time to reflect on what we have done in furtherance of our mission and to ponder how we can prepare ourselves to better meet future challenges.

KEEPING CASINOS FREE FROM CRIMINAL INFLUENCE

According to the Singapore National Money Laundering and Terrorism Financing Risk Assessment report published in 2014 by the Ministry of Home Affairs, Ministry of Finance and Monetary Authority of Singapore, Singapore's openness as an international transport hub and financial centre exposes it to inherent cross-border money laundering and terrorist financing risks. In particular, as a cash-intensive industry, Singapore's casino industry was assessed to be a more vulnerable sector. Since the Financial Action Task Force (FATF) set out its revised recommendations in 2012, we have done a comprehensive study of these recommendations and made legislative changes to align ourselves with FATF's revised standards. This year, we amended the Casino Control (Prevention of Money Laundering and Terrorism Financing) Regulations 2009 to require the casino operators to put in place more stringent measures and requirements to mitigate money laundering and terrorist financing risks, and had also worked with the industry to strengthen their preventive and detective mechanisms. This is of utmost importance so that the casinos in Singapore do not become a target of criminal activity.

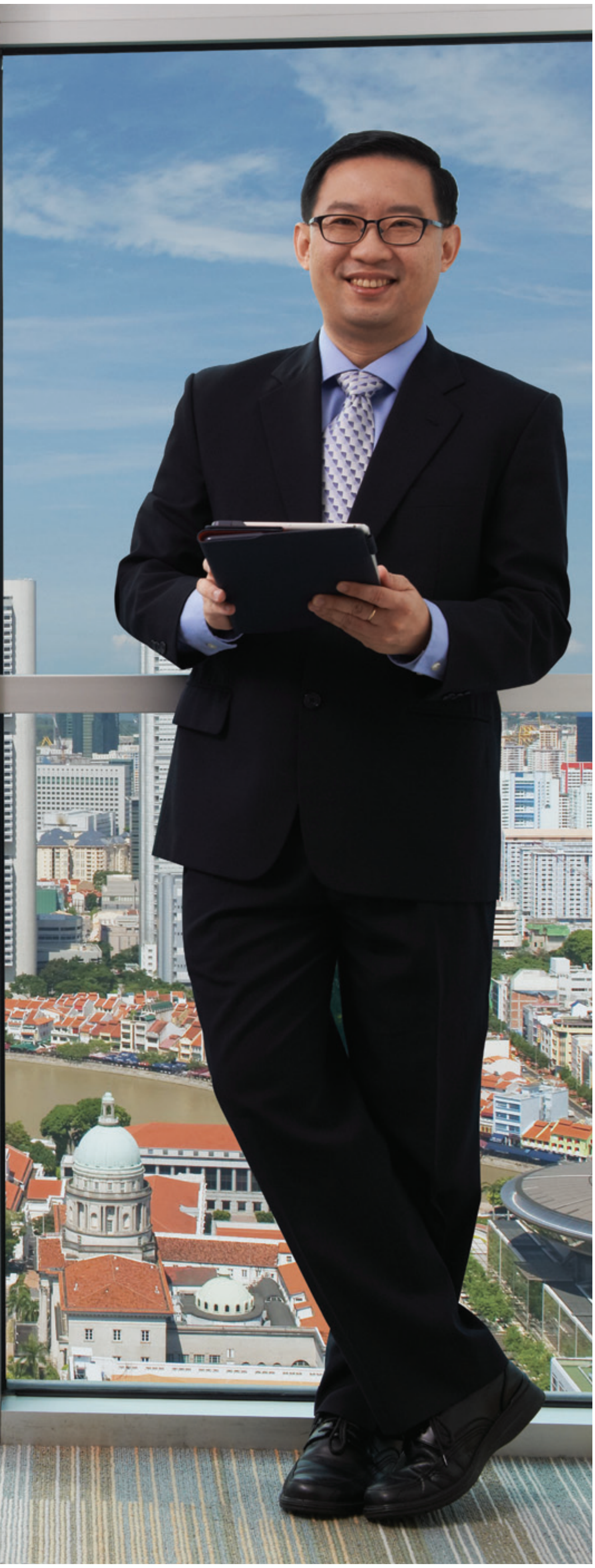
HONEST GAMING

We continue to review our regulatory approach and processes during the year to ensure that gaming is conducted honestly. The Approved Test Service Providers (ATSP) regime was first introduced in 2013 as a means to better regulate the testing of gaming machines and gaming equipment. Under this new regime, service providers are required to be approved by CRA before they can undertake the testing of gaming equipment. As of October 2014, all service providers under the previous Singapore Recognised Testing Laboratory framework had successfully transited to the new ATSP regime. We further introduced a new performance monitoring framework for CRA's Approved Manufacturers and Approved Suppliers (AMAS), and ATSP, which allows CRA to assess an AMAS or ATSP on its ability to satisfy our performance requirements. The framework encourages AMAS and ATSP to maintain a high standard of technical competence in order to ensure gaming integrity. CRA's technical standards for electronic gaming machines were also revised to allow players to better monitor and control their spending on gaming machines as part of our responsible gambling efforts.

> "Beyond our formative years, the road that lies ahead will be no less challenging."
>
> JERRY SEE
> *Chief Executive*

CONTAINING POTENTIAL HARMS OF CASINO GAMING

CRA remains resolute in our commitment to protect our society from the potential harm of casinos. We continue to hold the casino operators tightly to a stringent set of safeguards and had taken disciplinary actions against them when there were lapses. In FY2014/2015, CRA imposed financial penalties amounting to $207,500 against the casino operators for regulatory breaches pertaining to social safeguards. Our firm stance has sent a strong and clear signal to the casino operators that CRA takes a serious view towards social safeguards. Since the casinos commenced operations in 2010, the casino operators have taken steps to strengthen their controls and processes to ensure that the social safeguards are properly implemented and that vulnerable groups such as minors and excluded persons are kept out of the casinos. For example, gated pedestals have been installed at the casino entrances/exits and the casino operators conduct more thorough identification and verification checks on individuals. Through our ground presence in the casinos, CRA will continue to exercise close supervision and oversight of the casino operators' efforts in improving their implementation of the social safeguards.



DEVELOPMENT OF COMPETENCIES

Notwithstanding our past achievements, we need to ready ourselves to tackle what lies ahead and what the evolving landscape may bring. CRA continues to focus on sharpening the regulatory acumen of our officers through a structured framework for developing core and functional competencies, and knowledge. This requires us to look within ourselves to identify the competencies and skill sets that will enable us to stay agile and effective as a regulator. Appropriate training roadmaps and learning interventions will be further developed to support the competency framework. Even as CRA regularly hosts visits from regional regulatory agencies who want to understand our regime, we continue to send our officers to other jurisdictions to enable them to learn and broaden our exposure to the evolving practices and regulatory principles of international regulators. It is through such holistic competency and capability building, and meaningful interactions with our regulatory counterparts that we can be assured that CRA is better equipped for future challenges while staying focused on our mission.

It is also necessary for CRA and our officers to be supported by a sound system and infrastructure. In FY2014, we were recognised for our technological capabilities when CRA was conferred the CIO100 Award. This prestigious award identifies the top 100 Asian companies that have deployed information and communications technologies which have obtained the highest strategic value, and yielded the greatest return for their key operations and businesses. Having also achieved the ISO 27001 Certificate for Information Security Management System, an international benchmark that defines the principles, expectations, and requirements for a well-equipped Information Security Management System, we take pride in equipping our officers with robust systems and tools that allow them to carry out their work more efficiently and effectively.

CONCLUSION

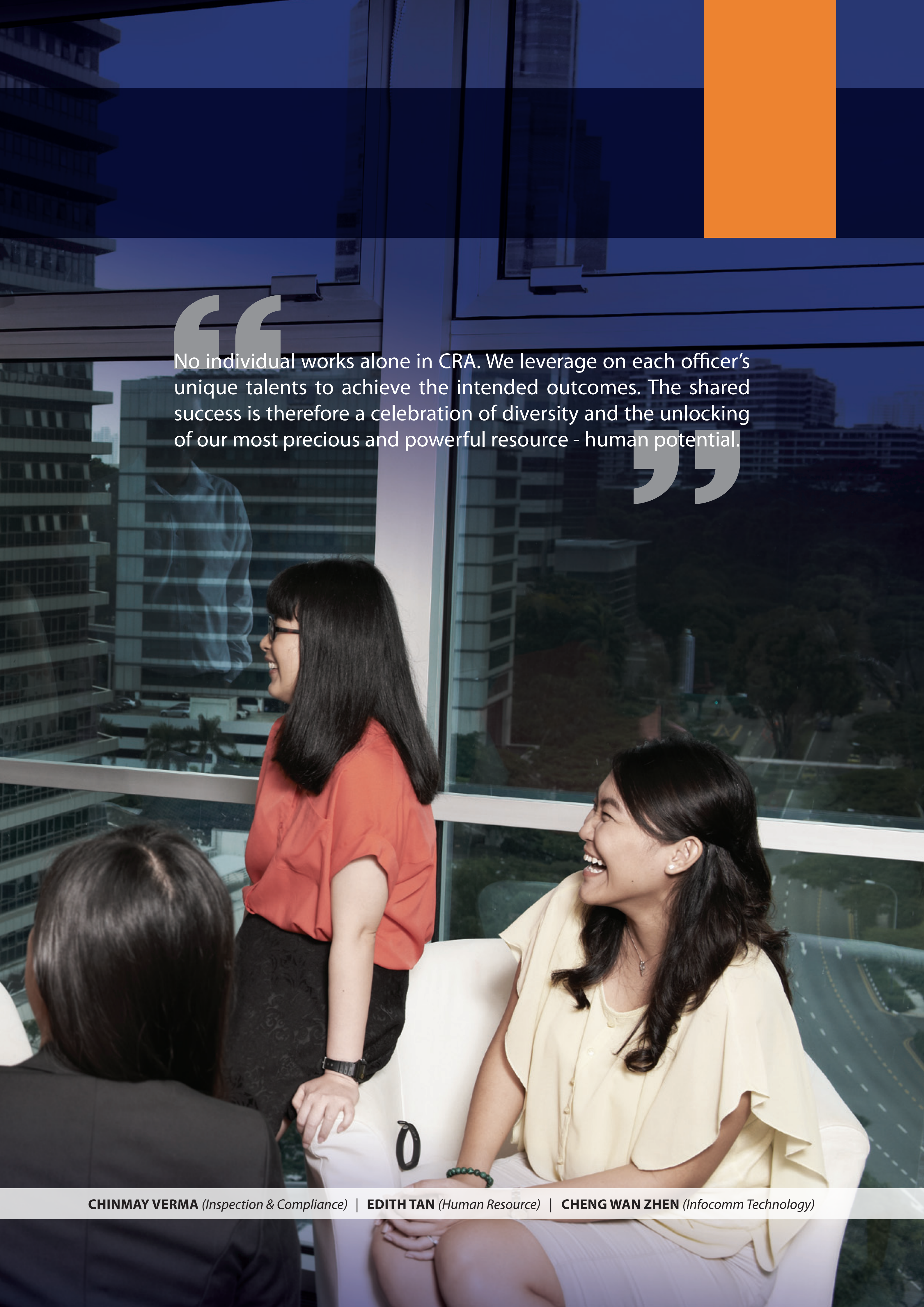
For the past seven years, CRA was extremely privileged to have Mr Richard Magnus as our Chairman. His visionary leadership has brought us to where we are today and he had nurtured the organisation from being an inexperienced regulator to one that other jurisdictions are keen to study. On behalf of CRA, I would like to take this opportunity to thank Mr Magnus for his invaluable guidance and excellent stewardship during this period, and to extend a warm welcome to our new Chairman Mr Lee Tzu Yang, who is no stranger to us as he was our Deputy Chairman. Beyond our formative years, the road that lies ahead will be no less challenging. FY2015 will see Singapore undergoing the FATF Mutual Evaluation onsite assessment that will be based on FATF's revised recommendations to combat money laundering and terrorism financing. CRA will be involved in this process for the casino industry. As the three-year licences of both casino operators will be coming due, CRA will also have to review such renewal applications to ensure that the casino operators continue to be suitable to hold the licences. We will continue to be thorough and objective in carrying out our assessment of the renewal.

CRA has come a long way from its early days. We will continue to seek ways to improve so that we can continue to advance our mission with pride and integrity for a safe Singapore.

TEAM SYNERGY HARNESSES TALENTS; TEAMWORK PRODUCES ACHIEVEMENTS

LEE GUAN CHONG *(Licensing)* | **BENNY WONG** *(Inspection & Compliance)* | **FELICIA YAP** *(Corporate Development)*

> "No individual works alone in CRA. We leverage on each officer's unique talents to achieve the intended outcomes. The shared success is therefore a celebration of diversity and the unlocking of our most precious and powerful resource - human potential."



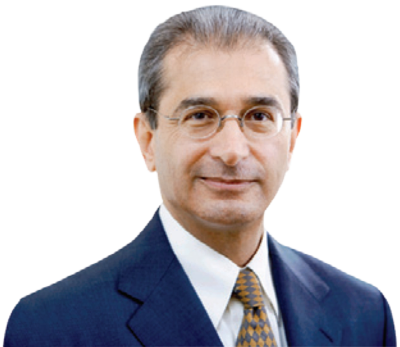
CHINMAY VERMA *(Inspection & Compliance)* | **EDITH TAN** *(Human Resource)* | **CHENG WAN ZHEN** *(Infocomm Technology)*

BOARD MEMBERS

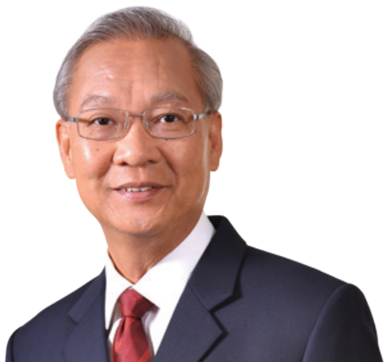
CHAIRMAN
Mr Lee Tzu Yang

MEMBER
Mr Chang See Hiang
Senior Partner
Chang See Hiang & Partners

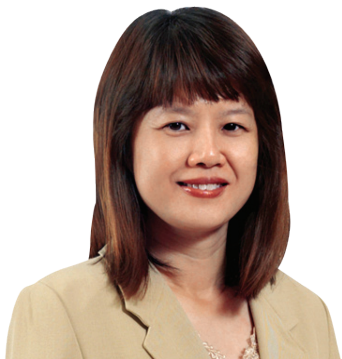
MEMBER
Mr Chua Kim Leng
Assistant Managing Director
(Banking & Insurance)
Monetary Authority
of Singapore



MEMBER
Mr Kaikhushru Shiavax Nargolwala
Chairman of the Governing Board
Duke-NUS Graduate Medical
School Singapore



MEMBER
Mr Ng Chong Khim
Senior Advisor
Singapore Technologies
Electronics Limited



MEMBER
Ms Ong Toon Hui
Deputy Secretary
Ministry of Social
and Family Development

MEMBER
Mr Khoo Boon Hui
Senior Advisor to the Ministry of Home Affairs, Senior Fellow, Home Team Academy & Senior Fellow, Civil Service College

MEMBER
Ms Lai Wei Lin
Deputy Secretary (Policy)
Ministry of Health

MEMBER
Mr Lau Peet Meng
Deputy Commissioner (Operations) concurrent Director Operations
Singapore Police Force

MEMBER
Mr Gerald Singham
Partner
Rodyk & Davidson LLP

MEMBER
Mr David Wong
Chairman
Methodist Welfare Services

OVERCOMING CHALLENGES WITH RESILIENCE AND DEDICATION

“There are many challenges in discharging our mission. But challenges also present opportunities to improve, and we overcome them with seamless co-operation and collaboration, in a spirit of professionalism and steely resolve.”

SARAH MOK *(Human Resource)* | **MOSES TAN** *(Legal)* | **COLIN SEOW** *(Investigations)*

The CRA Board is tasked with the objectives of providing strategic guidance on issues pertaining to regulations, corporate governance and strategic directions to the management of CRA in achieving its objectives. The Board Committees comprise:

EXECUTIVE COMMITTEE

The Executive Committee assists the CRA Board in making decisions on certain operational matters. The Committee also serves as a sounding board for the CRA management on emerging issues and initiatives.

AUDIT COMMITTEE

The Audit Committee reviews and appraises the reports of the external auditors and internal auditors on the adequacy of financial and operational controls. The Committee also recommends to the CRA Board the appointment and terms of engagement of the auditors, and approves the auditors' annual plans.

BUDGET REVIEW COMMITTEE

The Budget Review Committee reviews CRA's annual budget proposal and recommends it to the CRA Board for approval. To ensure budget robustness, the Committee also assesses the half year financial position of the Authority and reports to the CRA Board from time to time on matters requiring attention of the Board.

DISCIPLINARY COMMITTEE

The Disciplinary Committee determines disciplinary actions against casino operators, licensed special employees, licensed International Market Agents (IMAs) and IMA representatives.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Human Resource and Remuneration Committee assists the CRA Board in supervising and reviewing the various Human Resource (HR) policies and frameworks, to ensure a robust and effective HR system to attract and retain talents in CRA.

LEGAL AND REGULATORY COMMITTEE

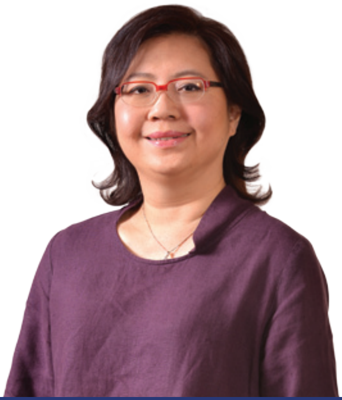
The Legal and Regulatory Committee provides strategic guidance to the CRA Board on CRA's regulatory framework, and assists the CRA Board by reviewing regulatory instruments.

TECHNOLOGY ADVISORY COMMITTEE

The Technology Advisory Committee advises the CRA Board in the efficient and effective adoption, usage and management of the Info-Communication Technology in CRA. The Committee also advises the CRA Board on technical standards, directives and guidelines imposed on the casino operators in the area of Info-Communication Technology deployment and implementation as well as the gaming systems.

SENIOR MANAGEMENT

Mr Jerry See
Chief Executive



Ms Yeo Pia Jee
Group Director
Operations

Mr Ee Kiam Keong
Director
Infocomm Technology

Mr Harold Gan
Director
Licensing

Mr Khoo Kah Bee
Director
Corporate Development

Mr Lee Kwong Yee
Director
Gaming Technology

Mr Lawrence Lee
Director
Inspection & Compliance

Dr Terence Loke
Director
Policy and Communications
& Human Resource

Mr Tan Teck Wang
General Counsel
Legal

EXCELLENCE IS CONTINUOUS IMPROVEMENT THAT IS BUILT UPON STRENGTHENING COLLABORATION

TANG WEE TECK *(Internal Audit)* | **JASMINE NEO** *(Human Resource)* | **EUGENE ANG** *(Policy & Communications)*

> The journey to excellence never ends. We seek improvement by continuously strengthening our domain knowledge and harnessing internal team synergy. We also learn from and contribute to the international family of regulators, by expanding our global footprint and cementing ties with our stakeholders and counterparts.

HE SHUJIA *(Inspection & Compliance)* | **HOON THIEN RONG** *(Gaming Technology)*

6th GAMING TECHNOLOGY FORUM

CRA organised the 6th Gaming Technology Forum on 5 March 2015, an annual platform to engage the industry on developments in gaming technology. The event was attended by Approved Manufacturers and Approved Suppliers (AMAS), Approved Test Service Providers (ATSP) and the two casino operators. Participants were apprised of changes to the Technical Standards and new developments in gaming technology regulations, including performance monitoring frameworks for AMAS/ATSP. The Gambling Regulatory Unit of the Ministry of Home Affairs shared on the Remote Gambling Act that was operationalised on 2 February 2015.

APPOINTMENT OF NEW CRA CHAIRMAN AND FAREWELL TO FOUNDING CRA CHAIRMAN

Mr Lee Tzu Yang, CRA Deputy Chairman, took over as CRA Chairman from Mr Richard Magnus on 2 April 2015. Mr Magnus had been the Chairman of CRA since its establishment on 2 April 2008.

Above: CRA Chairman Mr Lee Tzu Yang, former CRA Chairman Mr Richard Magnus, Chief Executive Mr Jerry See and CRA officers at the CRA Workplan Seminar 2015.

CRA held its annual Workplan Seminar on 9 April 2015, which continued the theme of "Anticipating Change, Advancing Our Mission". In his address, the Guest of Honour, CRA Chairman Mr Lee Tzu Yang, emphasised the importance for CRA to evolve, reinvent and strengthen its capabilities to adapt to the changing strategic environment. He underlined the importance played by CRA officers in making CRA an agile regulator.

NATIONAL DAY AWARDS 2014

CRA Chairman Mr Lee Tzu Yang and CRA Board Member Mr Chua Kim Leng were recipients of prestigious National Day honours. Mr Lee was awarded the Meritorious Service Medal and Mr Chua the Public Administration Medal (Silver).

Two CRA officers also received National Day Awards. Mr Patrick Loh, Senior Assistant Director (Investigations) received the Commendation Medal and Ms Anne Low, Assistant Manager (Legal), received the Efficiency Medal.

Above: Mr Patrick Loh and Ms Anne Low receiving the Commendation Medal and Efficiency Medal respectively from Deputy Prime Minister, Coordinating Minister for National Security and Minister for Home Affairs, Mr Teo Chee Hean.

MINISTER FOR HOME AFFAIRS NATIONAL DAY AWARD 2014

Mr Christopher Tan, Assistant Manager (Gaming Technology), was awarded the Minister for Home Affairs National Day Award in recognition of his contributions to CRA. Mr Tan played a key role in the revision of CRA's technical standards to strengthen responsible gambling measures and keep pace with technological advances. Mr Tan also contributed to ensuring that the casino operators comply with CRA's rules and regulations through thorough and robust inspections on gaming machines and gaming equipment.

CRA STAR EMPLOYEE AWARD 2015

In recognition of their dedication and professionalism, Ms Priyalatha d/o Silvamani, Personal Assistant to Chairman and Chief Executive, and Mr William Lee, Senior Legal Counsel, were awarded the CRA Star Employee Award. The Corporate Resource Branch was awarded the Star Employee Team Award in recognition of their commendable efforts and teamwork in making CRA a better workplace for everyone.

Above: Ms Priyalatha d/o Silvamani and the Corporate Resource Branch receiving the Star Employee Award and Star Employee Team Award respectively from Chief Executive, Mr Jerry See.

CIO 100 AWARD

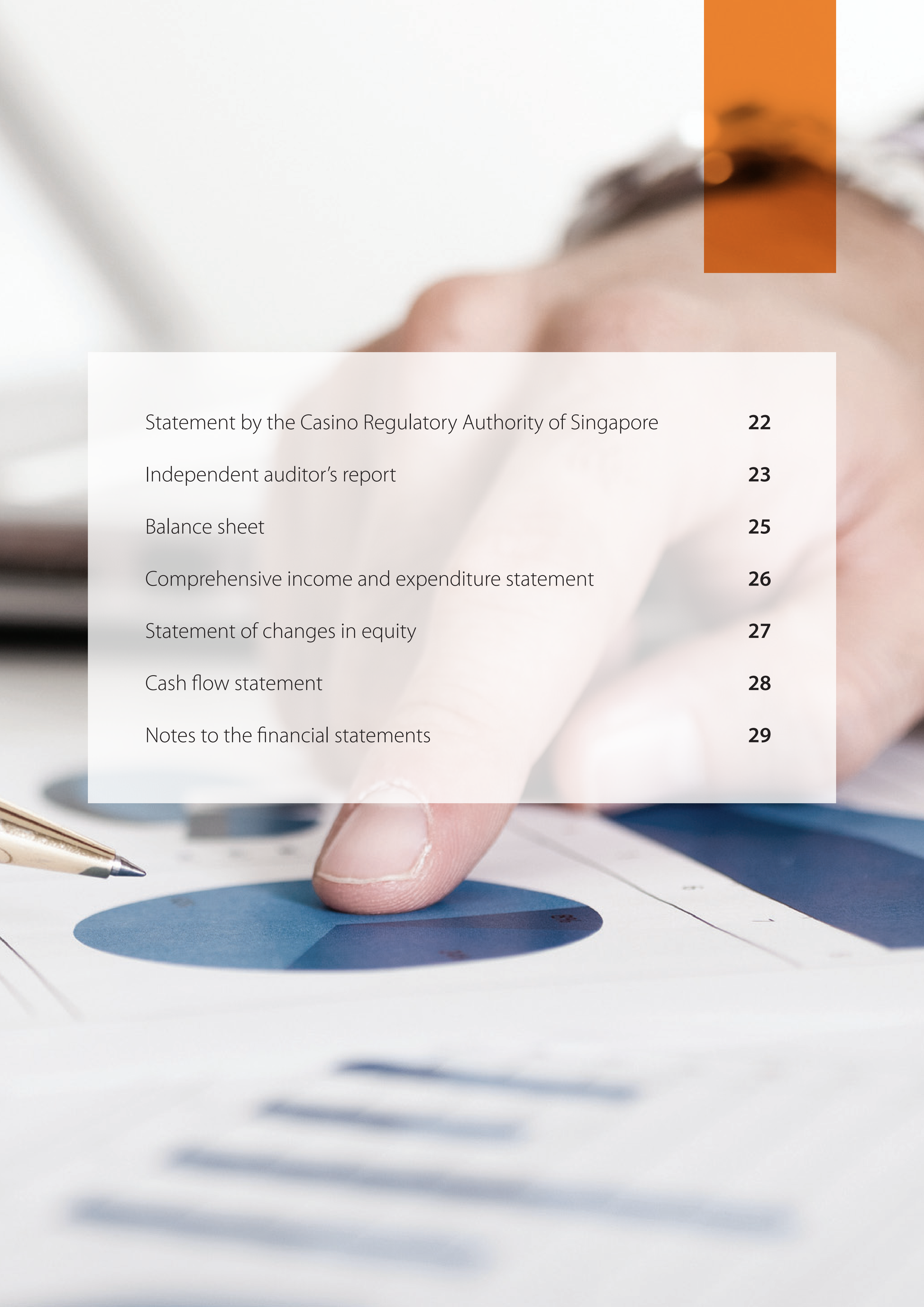
CRA received the CIO Asia's CIO 100 award, an annual award that identifies the top 100 Asian companies that have deployed information and communications technologies which have obtained the highest strategic value and yielded the greatest return for their key operations and businesses. This award is in recognition of excellence in strategic enterprise IT deployment through the implementation of the CRA Intranet. The CRA Intranet effectively leverages on the industry's best practices and software in efficiently allowing staff to locate vital resources and promotes collaboration in a customisable and user-friendly electronic workspace.

ISO 27001 CERTIFICATION FOR INFORMATION SECURITY MANAGEMENT SYSTEM

CRA attained the ISO 27001 Certificate Achievement for Information Security Management System, an international benchmark that defines the principles, expectations, and requirements for a well-equipped Information Security Management System (ISMS). This certification is a testament of CRA's commitment in maintaining a robust ISMS to safeguard the security of information inCRA.

DATE	RELEVANT LEGISLATION	BREACH & ACTION TAKEN BY THE CASINO REGULATORY AUTHORITY
30/01/2015	Section 116(1) of the Casino Control Act	The Casino Regulatory Authority of Singapore (CRA) imposed financial penalties totalling $20,000 on Marina Bay Sands Pte. Ltd. (MBS) for failing to prevent 4 Singapore citizens and permanent residents (SCPRs) from remaining on its casino premises without valid entry levies after their 24-hour entry levies had expired, in respect of cases reported or detected in the period of 1 July 2013 to 31 December 2013.
	Section 126(1) of the Casino Control Act	CRA imposed financial penalties totalling $45,000 on MBS for failing to prevent 2 excluded persons from entering and/or remaining on its casino premises without reasonable excuse, in respect of cases reported or detected in the period of 1 July 2013 to 31 December 2013.
	Section 116(1) of the Casino Control Act	CRA censured Resorts World at Sentosa Pte. Ltd. (RWS) for failing to prevent 2 Singapore citizens from entering its casino premises without valid entry levies, in respect of cases reported or detected in the period of 1 July 2013 to 31 December 2013.
14/11/ 2014	Section 116(1) of the Casino Control Act	CRA imposed financial penalties totalling $42,500 on MBS for failing to prevent SCPRs from entering and/or remaining on its casino premises without valid entry levies, in respect of cases reported or detected in the period of 1 January 2013 to 30 June 2013. CRA took action in respect of 5 SCPRs who had entered MBS' casino without valid entry levies and 1 SCPR who had remained in the casino without a valid entry levy after the SCPR's 24-hour entry levy had expired.
	Section 126(1) of the Casino Control Act	CRA imposed financial penalties totalling $45,000 on MBS for failing to prevent 3 excluded persons from entering and/or remaining on its casino premises without reasonable excuse, in respect of cases reported or detected in the period of 1 January 2013 to 30 June 2013.
	Section 133(1) of the Casino Control Act	CRA imposed financial penalties totalling $35,000 on MBS for failing to prevent 3 minors from entering and/or remaining on its casino premises without reasonable excuse, in respect of cases reported or detected in the period of 1 January 2013 to 30 June 2013.
	Section 80(3)(b) of the Casino Control Act	CRA imposed a financial penalty of $75,000 on MBS for permitting an unauthorised person to exercise the functions of a special employee on 24 September 2012 in contravention of Section 80(3)(b) of the Act.
	Section 116(1) of the Casino Control Act	CRA censured RWS for failing to prevent 1 Singapore permanent resident from entering its casino premises without valid entry levy, in respect of cases reported or detected in the period of 1 January 2013 to 30 June 2013.
	Section 133(1) of the Casino Control Act	CRA imposed financial penalties totalling $20,000 on RWS for failing to prevent 2 minors from entering and/or remaining on its casino premises without reasonable excuse, in respect of cases reported or detected in the period of 1 January 2013 to 30 June 2013. CRA separately censured RWS for failing to prevent 1 minor from entering and/or remaining on its casino premises, in respect of cases reported or detected in the same period.

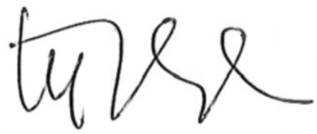
FINANCIAL CONTENTS



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 25 to 49 are drawn up so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2015 and of the results, changes in equity and cash flows of the Authority for the financial year ended 31 March 2015.

On Behalf of the Authority:



Lee Tzu Yang
Chairman

Jerry See
Chief Executive

Singapore
13 July 2015

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Casino Regulatory Authority of Singapore (the "Authority") set out on pages 25 to 49, which comprise the balance sheet as at 31 March 2015, 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 information.

Management's Responsibility for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Casino Control Act (Cap. 33A) (the "Act") and Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 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 Authority'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 so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2015 and the results, changes in equity and cash flows of the Authority for the year then ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Management's Responsibility for Compliance with Legal and Regulatory Requirements

The Authority'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.

Auditor's 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 Authority'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 Authority 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 Authority whether purchased, donated or otherwise.

FooKonTanLLP

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore
13 July 2015

BALANCE SHEET

As at 31 March 2015

	Note	2014/2015	2013/2014
		$	$
Equity			
Capital account	3	36,001,000	36,001,000
Accumulated surplus		15,661,540	7,215,370
Total equity		51,662,540	43,216,370
Represented by:			
Non-current assets			
Plant and equipment	4	5,253,527	3,904,313
Intangible assets	5	742,469	846,924
		5,995,996	4,751,237
Current assets			
Trade and other receivables	6	592,445	372,392
Prepaid operating expenses		499,559	361,293
Deposits		841,748	845,515
Cash and cash equivalents	7	89,764,281	119,431,412
		91,698,033	121,010,612
Total assets		97,694,029	125,761,849
Current liabilities			
Trade and other payables	8	3,764,153	2,616,132
Fees received in advance	9	35,541,906	38,370,346
Prepayments received	10	873,396	1,099,726
Provisions	11	1,321,801	1,191,386
Amount due to parent ministry	12	20,068	80,975
Amount due to other government agencies	12	–	14,596
Provision for contribution to consolidated fund	17	1,729,938	1,477,847
		43,251,262	44,851,008
Net current assets		48,446,771	76,159,604
Non-current liabilities			
Fees received in advance	9	1,262,258	36,451,299
Provisions	11	1,452,979	1,185,957
Deferred lease payables	13	64,990	57,215
		2,780,227	37,694,471
Total liabilities		46,031,489	82,545,479
Net assets		51,662,540	43,216,370

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

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

For the financial year ended 31 March 2015

	Note	2014/2015 $	2013/2014 $
Income			
License fee		38,000,000	37,554,795
Application fees		922,010	851,195
Fines		404,814	760,500
		39,326,824	39,166,490
Expenditure			
Expenditure on manpower	14	(18,814,813)	(16,500,131)
Staff welfare and development		(856,880)	(960,309)
Rental of premises and others		(2,811,959)	(2,609,826)
Maintenance		(1,276,286)	(1,033,435)
Depreciation of plant and equipment	4	(1,127,816)	(862,547)
Amortisation of intangible assets	5	(316,471)	(625,922)
Utilities		(262,994)	(255,852)
Communications		(457,510)	(365,821)
Management and professional services		(3,215,088)	(3,557,987)
Other operating expenses	15	(1,063,244)	(1,015,720)
		(30,203,061)	(27,787,550)
Operating surplus		9,123,763	11,378,940
Non-operating income	16	1,052,345	727,762
Surplus before statutory contribution to consolidated fund		10,176,108	12,106,702
Statutory contribution to consolidated fund	17	(1,729,938)	(1,477,847)
Surplus for the year, representing total comprehensive income for the financial year		8,446,170	10,628,855

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2015

	Capital account $	Accumulated (deficit)/surplus $	Total $
Balance as at 1 April 2013	36,001,000	(3,413,485)	32,587,515
Surplus for the year, representing total comprehensive income for the year	–	10,628,855	10,628,855
Balance as at 31 March 2014 and 1 April 2014	36,001,000	7,215,370	43,216,370
Surplus for the year, representing total comprehensive income for the year	–	8,446,170	8,446,170
Balance as at 31 March 2015	36,001,000	15,661,540	51,662,540

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

CASH FLOW STATEMENT

For the financial year ended 31 March 2015

	Note	2014/2015	2013/2014
		$	$
Cash flows from operating activities:			
Surplus before statutory contribution to consolidated fund		10,176,108	12,106,702
Adjustments for:			
Depreciation of plant and equipment	4	1,127,816	862,547
Amortisation of intangible assets	5	316,471	625,922
Provision for unutilised leave		96,772	(80,675)
Provision for retention bonus	11	703,065	530,426
Deferred lease expense		7,775	9,862
Plant and equipment expensed off	15	69,109	70,750
Intangible assets expensed off	15	–	1,019
Loss on disposal of intangible asset	15	1,663	–
Loss on disposal of plant and equipment	15	59,099	–
Income received from assets transferred	16	(14,758)	–
Interest income from short term deposits	16	(1,036,991)	(700,713)
Surplus before working capital changes		11,506,129	13,425,840
Operating cash flows before working capital changes:			
Decrease/(increase) in trade and other receivables		43,509	(47,681)
(Increase)/decrease in prepaid operating expenses		(138,266)	(103,816)
Decrease/(increase) in deposits		3,767	(175,412)
Increase/(decrease) in trade and other payables		1,148,021	(907,505)
Decrease in prepayments received		(226,330)	(97,015)
(Decrease)/increase in amount due to parent ministry		(60,907)	80,975
(Decrease)/increase in amount due to other Government Agencies		(14,596)	14,596
(Decrease)/increase in fees received in advance		(38,017,481)	19,316,260
Payment of retention bonus		(632,000)	(490,000)
Contribution to consolidated fund		(1,477,847)	–
Cash flows (used in)/generated from operations		(27,866,001)	31,016,242
Interest received		773,429	514,105
Net cash flows (used in)/generated from operating activities		(27,092,572)	31,530,347
Cash flows from investing activities:			
Purchase of plant and equipment		(2,352,096)	(1,373,564)
Purchase of intangible assets		(223,335)	(105,687)
Proceeds from disposal of plant and equipment		872	–
Net cash flows used in investing activities		(2,574,559)	(1,479,251)
Net (decrease)/increase in cash and cash equivalents		(29,667,131)	30,051,096
Cash and cash equivalents at beginning of the year		119,431,412	89,380,316
Cash and cash equivalents at end of the year	7	89,764,281	119,431,412

Notes to the cash flow statement:

The purchase of plant and equipment excludes the provision of reinstatement costs of $229,600 (2013/2014: $72,546) which will be incurred upon the expiration of the office leases as disclosed in Note 18 to the financial statements.

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

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 and principal place of operation at 460 Alexandra Road, PSA Building, #12-01 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 causing 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 2015 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 the 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 accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Authority has adopted all the new and revised SB-FRS and Interpretations to SB-FRS (INT SB-FRS) that are effective for annual periods beginning on or after 1 April 2014.

The adoption of these standards and interpretations did not have any material impact on the Authority's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The following are the new or amended SB-FRS and INT SB-FRS issued in 2014 that are not effective but may be early adopted for the current financial year:

Description	**Effective for annual period beginning on or after**
Various Improvements to SB-FRSs (January 2014)	1 July 2014

Improvements to SB-FRSs (January 2014)

Improvements to SB-FRS 24 *Related Party Disclosures* clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. In addition, an entity that uses a management entity is required to disclose the expenses incurred for the management services. The improvements to SB-FRSs (January 2014) SB-FRS 24 *Related Party Disclosures* are effective from annual periods beginning on or after 1 July 2014. As it is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Authority when implemented.

Other than the above, the Authority does not anticipate that the adoption of the above SB-FRS in future periods will have a material impact on the financial statements of the Authority in the period of their initial adoption.

2.4 *Significant accounting judgements and estimates*

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 end of each reporting period. 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 periods.

Judgements made in applying accounting policies

In the process of applying the Authority's accounting policies, management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 *Significant accounting judgements and estimates (cont'd)*

Provision for Retention bonus

The Authority has put in place a retention bonus scheme for certain officers whereby gratuity sums of fixed amounts are paid out on the completion of the 3rd to 6th years of services. Management made a provision for retention bonus by pro-rating the retention bonus entitlement in accordance with their service period. The biggest uncertainty in estimating the provision is the attrition rate to be applied which takes into account the potential employee turnover in the future. The provision made involves management's best estimate. Uncertainty in the attrition rate could result in outcomes that could require in material adjustments to the carrying amount of the provision in future periods.

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 2015 was $5,253,527 and $742,469 (2013/2014: $3,904,313 and $846,924) 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 estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of loans and receivables

The Authority assesses at the end of each reporting period 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 end of the reporting period is disclosed in Note 20 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 *Functional and foreign currency*

Transactions and balances

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 rate of exchange ruling at the end of the reporting period. 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 end of the reporting period 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. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of the plant and equipment, and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying plant and equipment. 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.

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 term
Furniture, fittings, tools & equipment	–	3 to 8 years
Heritage (refers to artwork)	–	No depreciation

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, and adjusted prospectively, if appropriate.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life is accounted for by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates. 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 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. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in the comprehensive income and expenditure statement, consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the Authority estimates the asset's or cash generating unit's recoverable amount. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Authority becomes a party to the contractual provisions of the financial instrument. The Authority determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Non-derivative 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, less impairment. Gains and losses are recognised in profit or loss 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
(d) Amount due from parent ministry

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the comprehensive income and expenditure statement.

Regular way purchase and sale of financial asset

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 *Trade and other receivables*

Trade and 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 end of the reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Authority first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Authority determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has 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). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment 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 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 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 comprehensive income and expenditure statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Authority becomes a party to the contractual provisions of the financial instrument. The Authority determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Authority that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the comprehensive income and expenditure statement.

The Authority has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the comprehensive income and expenditure statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 *Provisions*

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period 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. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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 recognised 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 end of the reporting period.

(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 end of the reporting period.

2.16 *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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 *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, regardless of when the payment is made. Income is measured at the fair value of consideration received or receivable.

Income is recognised as follows:

(a) *Casino licence fees*

Licence fees are recognised as income on an accrual basis.

(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) *Fines*

Fine payable to the Authority for violation of the Casino Control Act (Cap. 33A) is recognised as income upon receipt of the fine payment.

(d) *Interest income*

Interest income is recognised on accrual basis.

2.18 *Goods and services tax*

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

(a) Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services 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 goods and services tax included.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 *Related parties*

The Authority is established as a statutory board and is an entity related to the Government of Singapore. The Authority's related parties refer to Government-related entities including Ministries, Organs of State and other Statutory Boards. The Authority 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 Authority'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.

2.20 *Capital*

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

3. CAPITAL ACCOUNT

	2014/2015		2013/2014	
	Number of shares	$	Number of shares	$
Issued and paid up:				
At 1 April and 31 March	36,001,000	36,001,000	36,001,000	36,001,000

The capital account represents capital injections by the Minister for Finance, a body corporate incorporated by the Minster for Finance (Incorporation) Act (Cap. 183), in its capacity as shareholder under the debt-equity framework for statutory boards, implemented with effect from 1 September 2004. Under this framework, capital projects will be partially funded by the Minister for Finance as equity injection, and the remaining through loans or general funds of the Authority.

4. PLANT AND EQUIPMENT

	Plant and machinery $	Renovation $	Furniture, fittings, tools and equipments $	Heritage $	Work-in-Progress $	Total $
Cost:						
At 1 April 2013	583,167	2,161,250	5,099,066	130,964	–	7,974,447
Additions	–	480,363	435,312	–	459,685	1,375,360
At 31 March 2014 and 1 April 2014	583,167	2,641,613	5,534,378	130,964	459,685	9,349,807
Additions	–	945,600	468,636	–	1,113,109	2,527,345
Reclassifications	–	84,921	352,172	–	(437,093)	–
Transfer from intangibles assets	–	–	18,169	–	–	18,169
Transfer to intangibles assets	–	–	–	–	(11,213)	(11,213)
Disposals	–	(75,039)	(823,821)	–	–	(898,860)
At 31 March 2015	583,167	3,597,095	5,549,534	130,964	1,124,488	10,985,248
Accumulated depreciation:						
At 1 April 2013	300,537	1,442,914	2,839,496	–	–	4,582,947
Depreciation for the year	84,377	132,698	645,472	–	–	862,547
At 31 March 2014 and 1 April 2014	384,914	1,575,612	3,484,968	–	–	5,445,494
Depreciation for the year	47,929	311,283	768,604	–	–	1,127,816
Adjustment	–	–	(2,700)	–	–	(2,700)
Disposals	–	(75,039)	(763,850)	–	–	(838,889)
At 31 March 2015	432,843	1,811,856	3,487,022	–	–	5,731,721
Carrying amount:						
At 31 March 2015	150,324	1,785,239	2,062,512	130,964	1,124,488	5,253,527
At 31 March 2014	198,253	1,066,001	2,049,410	130,964	459,685	3,904,313

During the year, the Authority has acquired network equipments under the category "furniture, fittings, tools and equipments" at a cost of $14,758 which was paid by the Government and transferred to the Authority under the Whole-of-Government Information and Communications Technology infrastructure arrangement. These additions are borne by the Government as part of the transition out of the Standard Operating Environment program and have been recognised as "non-operating income" in the statement of comprehensive income and expenditure.

5. INTANGIBLE ASSETS

	Computer software $	Work-in-Progress $	Total $
Cost:			
At 1 April 2013	3,024,731	–	3,024,731
Additions	64,879	39,789	104,668
At 31 March 2014 and 1 April 2014	3,089,610	39,789	3,129,399
Additions	223,335	–	223,335
Reclassifications	39,620	(39,620)	–
Transfer from plant and equipment	11,213	–	11,213
Transfer to plant and equipment	(18,000)	(169)	(18,169)
Disposal	(128,020)	–	(128,020)
At 31 March 2015	3,217,758	–	3,217,758
Accumulated amortisation:			
At 1 April 2013	1,656,553	–	1,656,553
Amortisation for the year	625,922	–	625,922
At 31 March 2014 and 1 April 2014	2,282,475	–	2,282,475
Amortisation for the year	316,471	–	316,471
Adjustment	2,700	–	2,700
Disposal	(126,357)	–	(126,357)
At 31 March 2015	2,475,289	–	2,475,289
Carrying amount:			
At 31 March 2015	742,469	–	742,469
At 31 March 2014	807,135	39,789	846,924

6. TRADE AND OTHER RECEIVABLES

	2014/2015 $	2013/2014 $
Debtors	–	3,852
Interest receivable	588,230	324,668
Other receivables	4,215	43,872
	592,445	372,392

7. CASH AND CASH EQUIVALENTS

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

	2014/2015	2013/2014
	$	$
Cash maintained with Accountant–General's Department ("AGD")	89,764,281	119,431,412

Included in the cash and cash equivalents are:

(i) an amount of $526,930 (2013/2014: $1,634,213) which does not earn any interest.

(ii) the remaining balance of $89,237,351 (2013/2014: $117,797,199) is managed under the Centralised Liquidity Management ("CLM") scheme as set out in the Accountant-General's Circular's No. 4/2009. These are short term deposits earning interest ranging from 0.74% to 0.99% (2013/2014: 0.55% to 0.70%) per annum.

8. TRADE AND OTHER PAYABLES

	2014/2015	2013/2014
	$	$
Trade payables	468,500	46
Other payables	608,790	386,970
Accrued operating expenses	2,686,863	2,229,116
	3,764,153	2,616,132

Trade payables and other payables are non-interest bearing. Trade payables are normally settled on a 30-days term. (2013/2014: 30 days)

9. FEES RECEIVED IN ADVANCE

	Current	Non-current	Total
	$	$	$
2014/2015			
Application fees	313,753	–	313,753
Casino license fees	35,228,153	1,262,258	36,490,411
	35,541,906	1,262,258	36,804,164
2013/2014			
Application fees	331,234	–	331,234
Casino license fees	38,039,112	36,451,299	74,490,411
	38,370,346	36,451,299	74,821,645

10. PREPAYMENTS RECEIVED

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

11. PROVISIONS

	Current $	Non-current $	Total $
2014/2015			
Financial liabilities:			
Provision for retention bonus	585,643	870,779	1,456,422
Provision for unutilised leave	736,158	–	736,158
	1,321,801	870,779	2,192,580
Non-financial liabilities:			
Provision for reinstatement cost	–	582,200	582,200
Total	1,321,801	1,452,979	2,774,780
2013/2014			
Financial liabilities:			
Provision for retention bonus	552,000	833,357	1,385,357
Provision for unutilised leave	639,386	–	639,386
	1,191,386	833,357	2,024,743
Non-financial liabilities:			
Provision for reinstatement cost	–	352,600	352,600
Total	1,191,386	1,185,957	2,377,343

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

	2014/2015 $	2013/2014 $
At 1 April	1,385,357	1,344,931
Provision for the financial year	703,065	530,426
Payment made during the financial year	(632,000)	(490,000)
At 31 March	1,456,422	1,385,357

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 end of the reporting period.

11. PROVISIONS (CONT'D)

Movement of the provision for unutilised leave is as follows:

	2014/2015 $	2013/2014 $
At 1 April	639,386	702,061
Provision for the financial year	736,158	639,386
Provision utilised	(611,433)	(669,974)
Leave encashed	(27,953)	(32,087)
At 31 March	736,158	639,386

Movement of the provision for reinstatement cost account is as follows:

	2014/2015 $	2013/2014 $
At 1 April	352,600	280,054
Provision for the financial year	229,600	72,546
At 31 March	582,200	352,600

12. AMOUNT DUE TO PARENT MINISTRY / OTHER GOVERNMENT AGENCIES

Amounts due to Ministry of Home Affairs (the "parent ministry") and other government agency are unsecured, non-interest bearing and are repayable in cash on demand.

13. DEFERRED LEASE PAYABLES

	2014/2015 $	2013/2014 $
Deferred lease payables	64,990	57,215

Rental expenses incurred for certain operating leases (net of any incentives received from the lessors) are recognised in the comprehensive income and expenditure statement on a straight-line basis over the period of the leases. The difference between the actual lease payment and the amount taken to comprehensive income and expenditure statement is capitalised as deferred lease payables.

Deferred lease payables are amortised and taken to the comprehensive income and expenditure statement on a straight-line basis over the remaining tenure of the lease.

14. EXPENDITURE ON MANPOWER

	2014/2015	2013/2014
	$	$
Employee benefits expense (including key management personnel):		
Salaries, allowances and bonuses	16,400,678	14,560,655
Defined contribution plans	2,208,132	1,916,173
Other employee benefits	206,003	23,303
	18,814,813	16,500,131
Compensation of key management personnel		
Salaries, bonuses and other allowances	2,855,095	2,771,093
Defined contribution plans	263,197	242,102
Total compensation paid to key management personnel	3,118,292	3,013,195

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.

15. OTHER OPERATING EXPENSES

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

	2014/2015	2013/2014
	$	$
Plant and equipment expensed off	69,109	70,750
Intangible assets expensed off	–	1,019
Goods and services tax expensed off	736,762	660,439
Loss on disposal of plant and equipment	59,099	–
Loss on disposal of intangible assets	1,663	–
Board fees	117,136	111,682

16. NON-OPERATING INCOME

	2014/2015	2013/2014
	$	$
Interest income from short term deposits	1,036,991	700,713
Income received from assets transferred	14,758	–
Grant received from STB	–	22,860
Others	596	4,189
	1,052,345	727,762

17. STATUTORY CONTRIBUTION TO CONSOLIDATED 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 of the Government in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A) and in accordance with the Finance Circular Minute No M5/2005. The contribution was computed based on 17% of the surplus as at 31 March 2015.

During the financial year, management paid statutory contribution of $1,477,847 (2013/2014: NIL).

The lower contribution payable as at 31 March 2014 was due to utilisation of unused losses that have been set-off against the surplus generated for the financial year ended 31 March 2014.

The total contribution for the year can be reconciled to the net surplus as follows:

	2014/2015	2013/2014
	$	$
Surplus of the Authority before statutory contribution to consolidated fund	10,176,108	12,106,702
Contribution payable at 17% (2013/2014: 17%)	1,729,938	1,477,847

18. COMMITMENTS

(a) ***Operating lease commitments – as lessee***

The Authority has entered into operating leases for rental of premises, equipment and other assets. The non-cancellable leases have tenures of 5 years. Operating lease payments recognised in the comprehensive income and expenditure statement during the year amounted to $2,811,959 (2013/2014: $2,609,826).

Future minimum lease payments payable under these operating leases at the end of the reporting period are as follows:

	2014/2015	2013/2014
	$	$
Not later than one year	2,907,618	2,817,388
Later than one year but not later than five years	8,616,593	11,524,211
	11,524,211	14,341,599

(b) ***Other commitments***

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 2015, the Authority made service payments amounting to $373,418 (2013/2014: $492,470) include under "maintenance expense" in the comprehensive income and expenditure statement under this arrangement.

19. 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 interest receivables. The Authority places most of its cash and cash equivalents with AGD where the deposits are placed with high credit quality financial institutions under the CLM scheme, and are available upon request.

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 the carrying amounts of its financial assets as stated in the balance sheet.

(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.

	Note	**On demand or within 1 year** $	**Between 2 to 5 years** $	**Total** $
2014/2015				
Trade and other payables	8	3,764,153	–	3,764,153
Provision for retention bonus	11	585,643	870,779	1,456,422
Provision for reinstatement cost	11	–	582,200	582,200
Provision for unutilised leave	11	736,158	–	736,158
Amount due to parent ministry and other government agencies	12	20,068	–	20,068
		5,106,022	1,452,979	6,559,001

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) ***Liquidity risk (cont'd)***

	Note	On demand or within 1 year $	Between 2 to 5 years $	Total $
2013/2014				
Trade and other payables	8	2,616,132	–	2,616,132
Provision for retention bonus	11	552,000	833,357	1,385,357
Provision for reinstatement cost	11	–	352,600	352,600
Provision for unutilised leave	11	639,386	–	639,386
Amount due to parent ministry and other government agencies	12	95,571	–	95,571
		3,903,089	1,185,957	5,089,046

20. 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, amount due from parent ministry, deposits, trade and other payables

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 contractual cash outflow is discounted to its net present value using an appropriate discount rate.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Classification of financial assets/liabilities

The carrying amounts of the Authority's financial instruments in each of the following categories are as follows:

	Note	2014/2015 $	2013/2014 $
Loans and receivables			
Trade and other receivables	6	592,445	372,392
Deposits		841,748	845,515
Cash and cash equivalents	7	89,764,281	119,431,412
		91,198,474	120,649,319
Financial liabilities at amortised cost			
Trade and other payables	8	3,764,153	2,616,132
Provision for retention bonus	11	1,456,422	1,385,357
Provision for unutilised leave	11	736,158	639,386
Provision for site restoration cost	11	582,200	352,600
Amount due to parent ministry		20,068	80,975
Amount due to other government agencies		–	14,596
		6,559,001	5,089,046

21. CAPITAL MANAGEMENT

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

There were no changes in the Authority's approach to capital management during the year. The Authority is not subject to any externally imposed capital requirements.

22. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Authority for the year ended 31 March 2015 were authorised for issue by the members of its Board on 13 July 2015.

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