

# Casino Regulatory Authority

ANNUAL | 2015  
REPORT | 2016

[www.cra.gov.sg](http://www.cra.gov.sg)



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

## MISSION

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

## VALUES

Integrity  
Care  
Professionalism  
Pioneering Spirit  
Teamwork

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**LEE TZU YANG**  
Chairman

## CHAIRMAN'S FOREWORD

"We must have the courage to evolve our regulatory approach with an eye to anticipating the future."

### INTRODUCTION

In this past year since my appointment as Chairman of the Casino Regulatory Authority (CRA), I have seen the commitment of CRA officers to work towards our vision of being the trusted regulator in our mission to (i) keep our casinos free from criminal influence and exploitation, (ii) ensure that gaming in the casinos is conducted honestly, and (iii) contain the potential harm from casino gaming.

This April marked the eighth anniversary of CRA. In its formative years, CRA focused on building knowledge and sharpening capabilities. This year, CRA continued development by 'Pursuing Regulatory Excellence', requiring us to go beyond day-to-day work to meet new challenges and opportunities, both collectively and individually.

### PURSUING REGULATORY EXCELLENCE

CRA officers came together to identify the key components in our pursuit of regulatory excellence to guide us as to what we need to do as we go forward.

#### *Sensing and Making Sense of the Environment*

CRA's operating environment is changing. We need to continue to transform to become more agile to better meet future regulatory challenges. Enhancing our

ability to make sense of, understand and anticipate what is happening or likely to happen in the casino industry is critical. We will look out for notable trends and emerging issues that may impact on our regulatory work, and seek to understand the law and order, reputational and social implications.

The basis for agile regulation is the availability of relevant, reliable and timely information on the operating and business environment of the casino operators. We will make better use of technology to get value from data. CRA is strengthening our capabilities to collect, process, integrate, analyse and draw richer insights from data to support our regulatory functions.

#### *Strengthening CRA's Regulatory Approach*

The mission of CRA is to fulfil the commitment by Government to contain law and order risks, and the harm to society from the casinos, as well as to ensure honest gaming in the casinos. CRA officers will not waver from this even as industry and operating parameters face changes. To do this well, we must be prepared to review and change the way we work, in order to achieve our regulatory objectives and outcomes. Developing a range of regulatory measures, and calibrating these various levers at appropriate levels will allow CRA to be more effective.

## CHAIRMAN'S FOREWORD (Continued)

When CRA was first set up, we benefited from the experience of more established jurisdictions such as Australia, the United States and United Kingdom, to develop our regulatory regime and approach. As our local operating parameters evolve, we must continue to determine the approach that best works for us, given our operating environment, and we must tailor strategies that are relevant to our needs. In addition to the willingness of individuals to share, learn from and adapt our regulatory experiences over these past eight years, as a whole, we must have the courage to evolve our regulatory approach with an eye to anticipating the future, even when the current approach is not "broken". In this way, CRA will strive to remain not just relevant but strengthen our impact as a regulator.

### ***Sustaining Strong Partnerships***

Casino operators continue to expand to new markets and geographies. Their business is internationalising and we begin to see the same operators owning and operating casinos in multiple jurisdictions. The people who work in and manage casinos seek employment across different jurisdictions, even as they bring in new employees. Inevitably, casino regulation will take place against an increasingly international background. CRA officers must stand ready to deal with transnational business models, practices, systems and processes.

The international dimensions of regulatory work are common for many regulators in jurisdictions around the world. To do our job well, it is increasingly important for CRA officers to be aware of developments elsewhere, and to be able to engage our international counterparts in sharing information and insights, and to collaborate and cooperate.

I am appreciative of the strong ties and relationships that CRA officers have built with our core overseas counterparts since 2008. Such strong ties were evident in our recent 4<sup>th</sup> Singapore Symposium on Casino Regulation and Crime, organised by CRA. Drawing on strong ties with the international regulatory community, we were able to tap on well-regarded experts in regulatory and law enforcement agencies to share their knowledge and wisdom with participants. At home, CRA collaborates with key local partners in the best interests of Singapore and Singaporeans. CRA conducts reviews and works with the Singapore Police Force, the Ministry of Social and Family Development, and the National Council on Problem Gambling to keep criminal influence away from casinos and contain the potential harm from casino gambling. Strong partnerships should not be taken for granted as different agencies often have different constraints and drivers. To strengthen critical partnerships, CRA officers must work to understand and learn how to complement the work of others, even while delivering results and not compromising on our objectives.

### ***Developing our People, Advancing our Technology***

Advances in technology will help us do our work more efficiently and effectively. CRA continues to seek to leverage technology to aid the way we work. Through technology, we are better able to not only connect the dots to build the larger picture, but to be more timely and effective in our actions. As we invest in technology, it is important to invest in the people to allow us to understand and harness such technology to achieve our mission. A key tenet of CRA's pursuit of regulatory excellence is to provide the environment conducive to shape CRA officers to become better regulators.

We believe in our officers and in developing their capabilities. Over the past year, I have interacted with officers at all levels. They come from diverse backgrounds and work experience. We have police officers, auditors and statisticians among our rich talent, and their expertise is exercised in core areas of CRA work such as investigations, compliance and gaming technology. I have observed that CRA officers have a healthy interest in exploring new practices and are willing to review the status quo. We must persevere in this if we are to pursue excellence.

Our predecessors must be thanked for encouraging the pioneering spirit and culture. Our officers' strong sense of responsibility and public duty are evident in how they interact with members of the public and patrons. These qualities assure me that CRA is in touch with our stakeholders and well placed to build on that trust.

## **CONCLUSION**

The complexity and breadth of casinos today require regulators to continually evolve their regulatory practices and approaches to hold true to their mission and regulatory objectives. CRA is no exception. Pursuing regulatory excellence requires us to not only continue to do our job well, but to improve with every passing year as we seek to achieve our mission. I believe we have identified in broad terms the key areas of focus, and that we have the determination to succeed.

The pursuit of excellence will mean new and different demands on each of us, and I ask each and every CRA officer to rise up to the challenge.



**JERRY SEE**  
Chief Executive

## CHIEF EXECUTIVE'S MESSAGE

“CRA will have to be constantly on our toes to ensure that our regulatory practices and approaches continue to be relevant and effective in achieving our mission.”

### INTRODUCTION

The past year has been an eventful one for the Casino Regulatory Authority (CRA). We renewed the casino licences of both casino operators early this year, and organised the 4<sup>th</sup> Singapore Symposium on Casino Regulation and Crime a few months later. CRA also made preparations for the Financial Action Task Force (FATF) Mutual Evaluation that culminated in an onsite assessment in 2015.

In our ninth year as a regulator, CRA continues to focus on our mission while we work with our valued partners, locally and internationally, to ensure that law and order, gaming integrity and social safeguard concerns are addressed.

### SUPERVISION OF CASINO OPERATORS

#### *Regulatory Compliance of Casino Operators*

Compliance by our licensees and regulated entities remains of utmost importance. In FY2015, CRA imposed \$417,500 in financial penalties on the two casino operators for social safeguard breaches and failure to conduct table games in accordance with game rules approved by CRA. This is an increase compared to FY2014, where the financial penalties amounted to \$282,500.

This increase was primarily due to financial penalties meted out to both casino operators for deviating from the approved game rules. They had since made improvements to their systems and training of casino employees in the conduct of table games.

Compared to the previous financial year, the number of social safeguard breaches and corresponding amount of financial penalties had decreased as both casino operators had taken steps to strengthen their processes. These included the implementation of more stringent checks to detect and prevent vulnerable groups from entering the casino premises, and to detect persons who have stayed beyond the validity periods of their entry levies. The casino operators have shown responsiveness and commitment to comply with the regulatory requirements, and have taken remedial actions where there are gaps.

#### *Calibration of Regulatory Levers*

CRA's regulatory levers extend beyond the imposition of financial penalties to the issuance of standards, directions and guidance notes, and the conduct of inspections and compliance checks on our regulated entities. For instance, CRA had guided the casino operators on improvements to their systems and processes on prevention of money laundering and terrorism financing.

## CHIEF EXECUTIVE'S MESSAGE (Continued)

CRA continues to work with the casino operators to strengthen their controls and expects that they put in place systems and training to ensure a culture of regulatory compliance. As we strive towards regulatory excellence, the calibrated use of our regulatory levers enables us to adopt differentiated approaches to better fulfil CRA's regulatory objectives.

### **Suitability of Casino Operators to Hold Casino Licences**

In February and April this year, the licences of the casino operators were, for the second time, renewed for another three years.

In the latest round of casino licence renewal assessment, CRA had to consider whether the casino operators were suitable to develop, maintain and promote the Integrated Resorts (IRs) as a compelling tourist destination. This assessment criterion was introduced in 2013, and it underscores the need for the IRs to continue to enhance Singapore's tourism appeal and to meet the broader tourism and economic objectives of the IRs. An Evaluation Panel (EP) was appointed to provide an opinion on the IRs to CRA.

After a rigorous assessment which took into consideration the EP's opinion, CRA determined that the casino operators had met the criteria specified in the Casino Control Act, which included among others, the financial suitability, good repute and track record of compliance, and their licences were renewed.

### **MANAGING PREVENTION OF MONEY LAUNDERING RISKS**

The cash-intensive nature of the casino industry places it at risk of being used for money laundering and terrorism financing. Prevention of money laundering and terrorism financing (PMLTF) is of great importance to Singapore and also requires a national effort. CRA has worked closely with other agencies such as the Ministry of Home Affairs, the Monetary Authority of Singapore and the Ministry of Finance since the inception of the casinos. Since 2013, CRA had participated in the National Risk Assessment exercise to better understand and identify PMLTF risks for the nation, and we have ensured that the casino operators put in the necessary systems and processes to mitigate such risks at the casinos.

CRA also conducted regular inspections on the casino operators' compliance with the PMLTF regime. Together with the Commercial Affairs Department (CAD), CRA provided guidance to the casino operators, and we have seen improvements over the years, such as the development of relevant frameworks, and the appointment of dedicated personnel by the casino operators to address the potential risks.

The continued efforts by CRA, CAD and the casino operators allowed us to be better prepared for the FATF Mutual Evaluation of Singapore. This was the first Mutual Evaluation conducted on the casino industry, with results expected to be released this year.

CRA will continue to maintain close supervision of the activities of the casino operators to ensure that the money laundering and terrorism financing risks identified are mitigated.

### **STRENGTHENING INTERNATIONAL TIES**

With the globalisation of the casino industry, CRA recognises the importance of establishing strong ties and networks beyond the borders of Singapore. On the international front, CRA remains represented on the International Association of Gaming Regulators (IAGR) Board of Trustees. The IAGR provides an avenue for enhancing cooperation amongst different gaming regulators.

CRA had also organised the 4<sup>th</sup> Singapore Symposium on Casino Regulation and Crime in July this year. The Singapore Symposium is a platform for our officers to keep themselves updated on global developments in casino regulations and to forge ties with our regulatory counterparts. Established regulators from jurisdictions such as Australia, U.S. and U.K. shared regulatory best practices while regulators around the region came together to discuss issues of concern, and collectively sharpen our regulatory acumen.

### **LEVERAGING RESOURCES**

CRA continues to ensure that our officers are supported, through technology, to enhance CRA's efficiency and effectiveness. For example, the Contracts Application System was launched in 2016 to facilitate CRA's monitoring of casino contracts and to enhance data analysis and sense-making.

Besides leveraging on technology, CRA continues to look at ways to improve the training and development of our officers. After the completion of the competency framework, CRA will now be developing the necessary interventions to allow for a more structured training of our officers.

### **CONCLUSION**

CRA had an eventful year and we can rightly be proud of what we have achieved thus far. However, our operating environment will continue to evolve in the years ahead. The expansion of new integrated resorts in our region, changes in technology and regulatory practices abroad are but some of the factors that may affect us. CRA will have to be constantly on our toes to ensure that our regulatory practices and approaches continue to be relevant and effective in achieving our mission.

I have no doubt that CRA officers will be able to rise up to the challenge and I look forward to another fruitful year ahead.



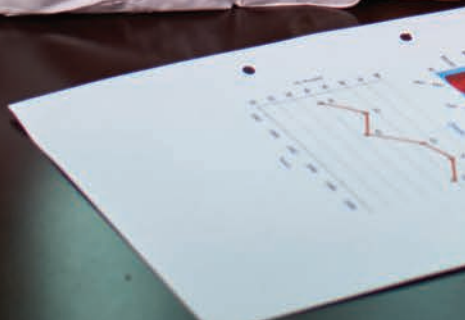
+ Chen Kian Siong  
*(Gaming Technology)*

+ Lim Gar Wai  
*(Licensing)*

+ Patrick Loh  
*(Investigations)*

+ Yang Huimei  
*(Inspection & Compliance)*

+ Eugene Cher  
*(Policy and Communications)*







“ We need to continue to transform to become more agile to better meet future regulatory challenges. ”

– Mr Lee Tzu Yang  
Chairman, CRA

 **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 Khoo Boon Hui  
*Senior Fellow,*  
*Ministry of Home Affairs*  
*& Home Team Academy*



**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*

## BOARD MEMBERS (Continued)



**MEMBER**  
**Dr Lee Tung Jean**  
*Deputy Secretary  
Ministry of Social and  
Family Development*



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



**MEMBER**  
**Mr Ng Chong Khim**  
*Senior Advisor  
Singapore Technologies  
Electronics Limited*



**MEMBER**  
**Mr Gerald Singham**  
*Partner  
Dentons Rodyk & Davidson LLP*



**MEMBER**  
**Mr David Wong**  
*Chairman  
Republic Polytechnic*



+ Chua Tze Hau  
(Infocomm Technology)

+ Vivienne Yap  
(Investigations)

+ Tjong Yai Tjan  
(Legal)



“ Besides leveraging on technology, CRA continues to look at ways to improve the training and development of our officers.

– Mr Jerry See  
*Chief Executive, CRA*”



 **BOARD COMMITTEES**

The CRA Board is assisted by the following committees:

**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 CRA 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 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*



+ Catherine Tay  
*(Corporate Development)*

+ Amelia Swee  
*(Policy & Communications)*

+ Amrit Jassal  
*(Investigations)*

+ Yvonne Seet  
*(Corporate Development)*





“  
CRA officers must stand ready to deal with transnational business models, practices, systems and processes.”

– Mr Lee Tzu Yang  
*Chairman, CRA*

## MILESTONES & ACHIEVEMENTS

### FINANCIAL ACTION TASKFORCE MUTUAL EVALUATION

In 2015, Singapore was evaluated by the Financial Action Task Force (FATF) on the effectiveness of its anti-money laundering and counter financing of terrorism measures. CRA undertook extensive preparations for the Mutual Evaluation and maintained strong supervisory oversight of the casino operators through inspections on the casino operators' compliance with Prevention of Money Laundering and Terrorism Financing regulatory requirements. CRA was also part of an inter-agency committee led by the Ministry of Home Affairs, Ministry of Finance and the Monetary Authority of Singapore to coordinate the implementation of anti-money laundering and counter financing of terrorism efforts.

### RENEWAL OF RESORTS WORLD AT SENTOSA (RWS) AND MARINA BAY SANDS (MBS) CASINO LICENCES

CRA renewed the casino licences of RWS on 29 January 2016 and MBS on 19 April 2016 for another three years under Section 49 of the Casino Control Act (CCA). This was after assessing that both casino operators had fulfilled matters set out in Section 45 of the CCA, including having regard to the opinion of an evaluation panel as provided for under the same Section. The licences took effect from 6 February 2016 for RWS and 26 April 2016 for MBS.



Above: CRA officers at the CRA Workplan Seminar 2016.

### CRA WORKPLAN SEMINAR 2016

CRA held its workplan seminar on 22 April 2016 with the theme 'Pursuing Regulatory Excellence'. In his opening address, CRA Chairman Mr Lee Tzu Yang shared on the strategic thrusts for regulatory excellence and encouraged CRA officers to consider how, individually and collectively, we can contribute towards the pursuit of regulatory excellence.

## MILESTONES &amp; ACHIEVEMENTS (Continued)

**DEVELOPMENTS IN INFORMATION TECHNOLOGY SYSTEMS**

CRA developed the Contracts Application System (CASY) and enhanced the functionalities of the Casino Licence Application System (CLAS) to facilitate the submission and processing of casino contracts and licence applications respectively. In addition to improving processes, CRA has improved the capabilities of CLAS to monitor the casino operators, special employees, international market agents, manufacturers and suppliers, and test service providers.



Above: Guests and participants at the 4<sup>th</sup> Singapore Symposium on Casino Regulation and Crime.

**4<sup>TH</sup> SINGAPORE SYMPOSIUM ON CASINO REGULATION AND CRIME**

CRA held the 4<sup>th</sup> Singapore Symposium on Casino Regulation and Crime in Singapore from 28 – 29 July 2016. There were more than 170 participants, including 35 foreign delegates and speakers from 16 regulatory and enforcement agencies across 11 jurisdictions, including Macau SAR; Nevada, USA; Queensland, Australia; the United Kingdom; the Philippines; Cambodia; Vietnam and South Korea. Topics such as regulatory enforcement and supervision, technological developments within the casino industry, casino crime and social safeguards were covered during the event.

## AWARDS & ACCOLADES

### NATIONAL DAY AWARDS 2015

Former CRA Chairman Mr Richard Magnus and CRA Board Member Ms Lai Wei Lin were recipients of the prestigious Public Service Star and Public Administration Medal (Silver) awards. The Public Service Star was awarded to Mr Magnus for rendering valuable public service to the people of Singapore. Ms Lai was awarded the Public Administration Medal (Silver) in recognition of her outstanding efficiency and competence.

In recognition of their outstanding contributions to CRA, two CRA officers received National Day Awards. Mr James Chan, Senior Assistant Director (Inspection and Compliance) received the Commendation Medal and Mr Kwa Wee Sien, Senior Manager (Research) received the Efficiency Medal.



Above: Mr James Chan receiving the Commendation Medal from Minister for Home Affairs and Minister for Law, Mr K Shanmugam.



Above: Mr Leslie Tan receiving the Minister for Home Affairs National Day Award from Deputy Prime Minister, Coordinating Minister for National Security and then-Minister for Home Affairs, Mr Teo Chee Hean.

### MINISTER FOR HOME AFFAIRS NATIONAL DAY AWARD 2015

CRA Board Member Mr David Wong was awarded the Minister for Home Affairs National Day Award (Home Team Volunteers) Award for his contributions to the CRA Board. The award is awarded to a person who has demonstrated exemplary volunteer service and made contributions to the Home Team and the community.

Mr Leslie Tan, Assistant Manager (Licensing), was awarded the Minister for Home Affairs National Day Award in recognition of his contributions to CRA. Mr Tan contributed significantly towards the review, redevelopment and implementation of the Casino Licence Application System Phase 2 and the development and implementation of the Casino Exclusion System Phase 2.

## AWARDS &amp; ACCOLADES (Continued)

**CRA STAR EMPLOYEE AWARD 2016**

In recognition of their work dedication, professionalism and care shown towards their colleagues, Ms Yvonne Seet, Senior Manager (Corporate Development), Ms Constance Loo, Manager (Gaming Technology), Mr Wong Dick Son, Senior Manager (Investigations) and Mr Kelvin Hwee, Manager (Gaming Technology) were awarded the CRA Star Employee Award.



Above: (From left) 2016 CRA Star Employee Award Recipients Mr Wong Dick Son, Ms Constance Loo, Mr Kelvin Hwee and Ms Yvonne Seet.

**CRA COMMITMENT RECOGNITION AWARD 2016**

18 officers received the 5-year Commitment Recognition Award and 3 officers received the 10-year Commitment Recognition Award. The award is given to officers in recognition of their commitment and dedication to CRA.

**ISO27001:2013 CERTIFICATION FOR INFORMATION SECURITY MANAGEMENT SYSTEM**

CRA was awarded the ISO 27001:2013 certification, an international standard that defines the principles, expectations and requirements for a well-equipped Information Security Management System (ISMS). This award is testament of CRA's commitment to safeguard the security of information in CRA.

**CIO 100 AWARD**

CRA was awarded the CIO Asia's CIO 100, an annual award that identifies the top 100 Asian companies that have deployed information and communications technology that have obtained highest strategic value and yielded greatest returns for their key operations and businesses. This award recognises CRA's achievement in implementing the Casino Licence Application System Phase 2, known as CLAS II, a system that supports CRA's licensing function. This system has enhanced licence applicants' submission of applications to CRA and has improved inter-divisional work processes.



## ENFORCEMENT ACTIONS

FY 2015

CASINO OPERATOR	RELEVANT LEGISLATION	BREACH	ACTION TAKEN BY CRA
Marina Bay Sands Pte. Ltd.	Section 100(3)(b) of the Casino Control Act (CCA)	Failure to conduct table games in accordance with the rules of the games approved by the Authority.	Financial penalty of \$200,000
	Section 116(1) of the CCA	Failure to prevent 9 Singapore citizens and permanent residents (SCPRs) from entering and/or remaining on its casino premises without valid entry levies.	Financial penalty of \$62,500
	Section 126(1) of the CCA	Failure to prevent 3 excluded persons from entering and/or remaining on its casino premises without reasonable excuse.	Financial penalty of \$45,000
	Section 133(1) of the CCA	Failure to prevent 3 minors from entering and/or remaining on its casino premises without reasonable excuse.	Financial penalty of \$30,000

ENFORCEMENT ACTIONS (Continued)  
FY 2015

CASINO OPERATOR	RELEVANT LEGISLATION	BREACH	ACTION TAKEN BY CRA
Resorts World at Sentosa Pte. Ltd.	Section 100(3)(b) of the CCA	Failure to conduct table games in accordance with the rules of the games approved by the Authority.	Financial penalty of \$50,000
	Section 116(1) of the CCA	Failure to prevent 1 Singapore Citizen from entering its casino premises without a valid entry levy.	Financial penalty of \$5,000
	Section 133(1) of the CCA	Failure to prevent 2 minors from entering and/or remaining on its casino premises without reasonable excuse.	Financial penalty of \$25,000



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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 50 are drawn up so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2016 and of the results, changes in equity and cash flows of the Authority for the financial year ended 31 March 2016.

On Behalf of the Authority:



**Lee Tzu Yang**  
Chairman



**Jerry See**  
Chief Executive

Singapore  
25 July 2016

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2016  
To the Members of Casino Regulatory Authority of Singapore



## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Casino Regulatory Authority of Singapore (the "Authority") set out on pages 27 to 50, which comprise the balance sheet as at 31 March 2016, 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 2016 and of the results, changes in equity and cash flows of the Authority for the year then ended on that date.

## INDEPENDENT AUDITOR'S REPORT (Continued)

For the financial year ended 31 March 2016

To the Members of Casino Regulatory Authority of Singapore

### 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.



Foo Kon Tan LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
25 July 2016

## BALANCE SHEET

As at 31 March 2016



	Note	2015/2016 \$	2014/2015 \$
<b>Equity</b>			
Capital account	3	36,001,000	36,001,000
Accumulated surplus		18,954,612	15,661,540
<b>Total equity</b>		54,955,612	51,662,540
Represented by:			
<b>Non-current assets</b>			
Plant and equipment	4	6,060,548	5,253,527
Intangible assets	5	1,221,800	742,469
		7,282,348	5,995,996
<b>Current assets</b>			
Trade and other receivables	6	910,553	592,445
Prepaid operating expenses		390,221	499,559
Deposits		835,036	841,748
Amount due from parent ministry	12	7,152	-
Cash and cash equivalents	7	119,628,223	89,764,281
		121,771,185	91,698,033
<b>Total assets</b>		129,053,533	97,694,029
<b>Current liabilities</b>			
Trade and other payables	8	4,225,275	3,764,153
Fees received in advance	9	23,573,254	35,541,906
Prepayments received	10	910,022	873,396
Provisions	11	1,371,180	1,321,801
Amount due to parent ministry and other government agencies	12	6,618	20,068
Provision for contribution to consolidated fund	17	1,482,540	1,729,938
		31,568,889	43,251,262
<b>Net current assets</b>		90,202,296	48,446,771
<b>Non-current liabilities</b>			
Fees received in advance	9	40,745,205	1,262,258
Provisions	11	1,552,639	1,452,979
Deferred lease payables	13	63,906	64,990
Deferred capital grants	14	167,282	-
		42,529,032	2,780,227
<b>Total liabilities</b>		74,097,921	46,031,489
<b>Net assets</b>		54,955,612	51,662,540

*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 2016

	Note	2015/2016 \$	2014/2015 \$
<b>Income</b>			
License fee		38,443,836	38,000,000
Application fees		1,558,950	922,010
Fines		498,800	404,814
		40,501,586	39,326,824
<b>Expenditure</b>			
Expenditure on manpower	15	(20,165,605)	(18,814,813)
Staff welfare and development		(934,802)	(856,880)
Rental of premises and others		(2,892,655)	(2,811,959)
Maintenance		(1,292,048)	(1,276,286)
Depreciation of plant and equipment	4	(1,675,324)	(1,127,816)
Amortisation of intangible assets	5	(419,827)	(316,471)
Utilities		(202,683)	(262,994)
Communications		(471,092)	(457,510)
Management and professional services		(3,663,245)	(3,215,088)
Other operating expenses	16	(1,192,972)	(1,063,244)
		(32,910,253)	(30,203,061)
<b>Operating surplus</b>		7,591,333	9,123,763
Non-operating income	17	1,124,714	1,052,345
Amortisation of deferred capital grants	14	4,779	-
<b>Surplus before statutory contribution to consolidated fund</b>		8,720,826	10,176,108
Statutory contribution to consolidated fund	18	(1,482,540)	(1,729,938)
<b>Surplus for the year, representing total comprehensive income for the financial year</b>		7,238,286	8,446,170

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 2016



	Note	Capital account \$	Accumulated surplus \$	Total \$
Balance as at 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 and 1 April 2015		36,001,000	15,661,540	51,662,540
Surplus for the year, representing total comprehensive income for the year		–	7,238,286	7,238,286
<b>Transactions with owners, recognised directly in equity</b>				
<b>Contributions by and distributions to owners</b>				
Transfer of funds to the Consolidated Fund <sup>(1)</sup>		–	(3,945,214)	(3,945,214)
Balance as at 31 March 2016		36,001,000	18,954,612	54,955,612

<sup>(1)</sup> In 2015, the Ministry of Finance, in accordance with Section 3(b) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A), decided that the Authority contributes \$3,945,214 to the Consolidated Fund as a transfer of prior periods' collection of fines and financial penalties.

## CASH FLOW STATEMENT

For the financial year ended 31 March 2016

	Note	2015/2016 \$	2014/2015 \$
<b>Cash flows from operating activities:</b>			
<b>Surplus before statutory contribution to consolidated fund</b>		8,720,826	10,176,108
Adjustments for:			
Depreciation of plant and equipment	4	1,675,324	1,127,816
Amortisation of intangible assets	5	419,827	316,471
Amortisation of deferred capital grant	14	(4,779)	–
Provision for unutilised leave		77,845	124,725
Provision for retention bonus	11	724,486	703,065
Deferred lease expense		(1,084)	7,775
Plant and equipment expensed off	16	163,240	69,109
Intangible assets expensed off	16	454	–
Loss on disposal of intangible asset	16	22,980	1,663
Loss on disposal of plant and equipment	16	9,881	59,099
Income received from assets transferred	17	–	(14,758)
Interest income from short term deposits	17	(1,085,783)	(1,036,991)
<b>Surplus before working capital changes</b>		10,723,217	11,534,082
Operating cash flows before working capital changes:			
(Increase)/decrease in trade and other receivables		(51,573)	43,509
Decrease /(increase) in prepaid operating expenses		109,338	(138,266)
Decrease in deposits		6,712	3,767
Increase in trade and other payables		515,415	1,148,021
Increase/(decrease) in prepayments received		36,626	(226,330)
Decrease in amount due to parent ministry		(20,602)	(60,907)
(Decrease)/increase in amount due to other Government Agencies		–	(14,596)
Increase/(decrease) in fees received in advance		27,514,295	(38,017,481)
Payment of retention bonus	11	(630,000)	(632,000)
Leave encashed	11	(23,292)	(27,953)
Contribution to consolidated fund	18	(1,729,938)	(1,477,847)
<b>Cash flows generated from/(used in) operations</b>		36,450,198	(27,866,001)
Transfer of funds to consolidated fund		(3,945,214)	–
Interest received		819,248	773,429
<b>Net cash flows generated from/(used in) operating activities</b>		33,324,232	(27,092,572)
<b>Cash flows from investing activities:</b>			
Purchase of plant and equipment		(2,731,742)	(2,352,096)
Purchase of intangible assets		(846,316)	(223,335)
Proceeds from disposal of plant and equipment		–	872
Capital grants received on purchase of plant and equipment	4	117,768	–
<b>Net cash flows used in investing activities</b>		(3,460,290)	(2,574,559)
Net increase/(decrease) in cash and cash equivalents		29,863,942	(29,667,131)
Cash and cash equivalents at beginning of the year		89,764,281	119,431,412
<b>Cash and cash equivalents at end of the year</b>	7	119,628,223	89,764,281

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



# NOTES TO THE FINANCIAL STATEMENTS

## 31 March 2016



### 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 2016 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 2015.

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

#### 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 2016 that are not effective but may be early adopted for the current financial year:

Reference	Description	Effective for annual period beginning on or after
Amendments to SB-FRS 1	<i>Presentation of Financial Statements</i>	1 January 2016
SB-FRS 115	<i>Revenue from Contracts with Customers</i>	1 January 2017
SB-FRS 109	<i>Financial Instruments</i>	1 January 2018

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 2016

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.3 SB-FRS and INT SB-FRS not yet effective (cont'd)***Amendments to SB-FRS 1 Presentation of Financial Statements*

The amendments to SB-FRS 1 *Presentation of Financial Statements* clarify that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information presented in the financial disclosures. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Authority when implemented.

*SB-FRS 115 Revenue from Contracts with Customers*

SB-FRS 115 *Revenue from Contracts with Customers* establishes a new five-step model that will apply to revenue arising from contracts with customers. Under SB-FRS 115, it requires the entity to recognise revenue which depict transfer of promised goods or services to customers in an amount that reflects the consideration (payment) to which the entity expects to be entitled in exchange for those goods or services. SB-FRS 115 is effective for annual periods beginning on or after 1 January 2017. Management is currently assessing the impact of SB-FRS 115 and plans to adopt the new standard on the required effective date.

*SB-FRS 109 Financial Instruments*

SB-FRS 109 *Financial Instruments* replaces SB-FRS 39 and it is a package of improvements introduced by SB-FRS 109 includes a logical model for:

- classification and measurement of financial assets, impairment of financial assets and hedge accounting,
- a single, forward-looking "expected loss" impairment model and
- a substantially reformed approach to hedge accounting

SB-FRS 109 is effective for annual periods beginning on or after 1 January 2018. The adoption of SB-FRS 109 will have an impact on the classification and measurement of financial assets, but no impact on the classification and measurement of financial liabilities. The Authority is currently assessing the impact to the financial statements.

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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 2016

### 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 3<sup>rd</sup> to 6<sup>th</sup> 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 2016 was \$6,060,548 and \$1,221,800 (2014/2015: \$5,253,527 and \$742,469) 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.

#### 2.5 *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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 2016

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****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 16.

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.

**2.7 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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 2016

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

#### 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.

#### 2.9 *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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 2016

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.9 Financial assets (cont'd)**Loans and receivables (cont'd)

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.

**2.11 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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 2016

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

#### 2.12 *Impairment of financial assets (cont'd)*

##### *Financial assets carried at amortised cost (cont'd)*

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.

#### 2.13 *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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 2016

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.13 Financial liabilities (cont'd)**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 expired. 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.

**2.14 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.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 2016

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

#### 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.

#### 2.17 *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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 2016

**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 Government grants**

Grants received from the Ministry for capital expenditure are taken to the deferred capital grants account upon utilisation of the grants for purchase of plant and equipment and intangible assets which are written off in the year of purchase.

Deferred capital grants are recognised as income over the periods necessary to match the depreciation, amortisation, write-off and/or impairment loss of the plant and equipment and intangible assets, the balance of the related deferred capital grants is recognised as income to match the carrying amount of plant and equipment and intangible assets disposed.

**2.21 Capital**

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

**3. CAPITAL ACCOUNT**

	2015/2016		2014/2015	
	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 Minister 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
31 March 2016

#### 4. PLANT AND EQUIPMENT

	Plant and machinery \$	Renovation \$	Furniture, fittings, tools and equipment \$	Heritage \$	Work-in- Progress \$	Total \$
Cost:						
At 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 and 1 April 2015	583,167	3,597,095	5,549,534	130,964	1,124,488	10,985,248
Additions	388,000	67,525	1,999,379	–	113,598	2,568,502
Reclassifications	–	229,600	818,613	–	(1,048,213)	–
Transfer to intangibles assets	–	–	–	–	(76,276)	(76,276)
Disposals	–	(1,035,423)	(87,873)	–	–	(1,123,296)
At 31 March 2016	971,167	2,858,797	8,279,653	130,964	113,597	12,354,178
Accumulated depreciation:						
At 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 and 1 April 2015	432,843	1,811,856	3,487,022	–	–	5,731,721
Depreciation for the year	51,162	584,480	1,039,682	–	–	1,675,324
Disposals	–	(1,035,423)	(77,992)	–	–	(1,113,415)
At 31 March 2016	484,005	1,360,913	4,448,712	–	–	6,293,630
Carrying amount:						
At 31 March 2016	487,162	1,497,884	3,830,941	130,964	113,597	6,060,548
At 31 March 2015	150,324	1,785,239	2,062,512	130,964	1,124,488	5,253,527

During the current financial year, the Authority acquired network equipment under the category of “furniture, fittings, tools and equipment” at a cost of \$172,061 to enhance the network security system, of which \$54,293 is receivable from Infocomm Development Authority of Singapore (“IDA”) as at the end of the financial year. Accordingly, the Authority recognised an aggregated amount of \$172,061 as “deferred capital grant” as disclosed in Note 14 to the financial statements. The additions were fully funded by IDA and the deferred capital grant is amortised over the useful life of the office equipment acquired and recognised as “amortisation of deferred capital grant” in the statement of comprehensive income and expenditure for the financial year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
31 March 2016

**5. INTANGIBLE ASSETS**

	<b>Computer software</b>	<b>Work-in- Progress</b>	<b>Total</b>
	\$	\$	\$
Cost:			
At 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 and 1 April 2015	3,217,758	–	3,217,758
Additions	845,862	–	845,862
Transfer from plant and equipment	76,276	–	76,276
Disposal	(23,772)	–	(23,772)
At 31 March 2016	4,116,124	–	4,116,124
Accumulated amortisation:			
At 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 and 1 April 2015	2,475,289	–	2,475,289
Amortisation for the year	419,827	–	419,827
Disposal	(792)	–	(792)
At 31 March 2016	2,894,324	–	2,894,324
Carrying amount:			
At 31 March 2016	1,221,800	–	1,221,800
At 31 March 2015	742,469	–	742,469

**6. TRADE AND OTHER RECEIVABLES**

	<b>2015/2016</b>	<b>2014/2015</b>
	\$	\$
Interest receivable	854,765	588,230
Other receivables	55,788	4,215
	<u>910,553</u>	<u>592,445</u>

Other receivables comprised of reimbursement from IDA amounting to \$54,293 in connection to enhance the network security system.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
31 March 2016

## 7. CASH AND CASH EQUIVALENTS

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

	2015/2016	2014/2015
	\$	\$
Cash maintained with Accountant-General's Department ("AGD")	119,628,223	89,764,281

Included in the cash and cash equivalents are:

- (i) an amount of \$910,377 (2014/2015: \$526,930) which does not earn any interest.
- (ii) the remaining balance of \$118,717,846 (2014/2015: \$89,237,351) 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 1.06% to 1.46% (2014/2015: 0.74% to 0.99%) per annum.

## 8. TRADE AND OTHER PAYABLES

	2015/2016	2014/2015
	\$	\$
Trade payables	1,143,021	468,500
Other payables	661,100	608,790
Accrued operating expenses	2,421,154	2,686,863
	<u>4,225,275</u>	<u>3,764,153</u>

Trade payables and other payables are non-interest bearing. Trade payables are normally settled on a 30-days term. (2014/2015: 30 days)

## 9. FEES RECEIVED IN ADVANCE

	Current	Non-current	Total
	\$	\$	\$
<b>2015/2016</b>			
Application fees	271,884	-	271,884
Casino license fees	23,301,370	40,745,205	64,046,575
	<u>23,573,254</u>	<u>40,745,205</u>	<u>64,318,459</u>
<b>2014/2015</b>			
Application fees	313,753	-	313,753
Casino license fees	35,228,153	1,262,258	36,490,411
	<u>35,541,906</u>	<u>1,262,258</u>	<u>36,804,164</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 2016

**10. PREPAYMENTS RECEIVED**

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

**11. PROVISIONS**

	Current \$	Non-current \$	Total \$
<b>2015/2016</b>			
<b>Financial liabilities:</b>			
Provision for retention bonus	580,469	970,439	1,550,908
Provision for unutilised leave	790,711	–	790,711
	1,371,180	970,439	2,341,619
<b>Non-financial liabilities:</b>			
Provision for reinstatement cost	–	582,200	582,200
Total	1,371,180	1,552,639	2,923,819
<b>2014/2015</b>			
<b>Financial liabilities:</b>			
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
<b>Non-financial liabilities:</b>			
Provision for reinstatement cost	–	582,200	582,200
Total	1,321,801	1,452,979	2,774,780

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

	2015/2016 \$	2014/2015 \$
At 1 April	1,456,422	1,385,357
Provision for the financial year	724,486	703,065
Payment made during the financial year	(630,000)	(632,000)
At 31 March	1,550,908	1,456,422

The retention bonus due to employees is determined based on the expected pay-out to be made by the Authority in respect of services rendered by these employees up to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
31 March 2016

### 11. PROVISIONS (CONT'D)

Movement of the provision for unutilised leave is as follows:

	<b>2015/2016</b>	<b>2014/2015</b>
	\$	\$
At 1 April	736,158	639,386
Provision for the financial year	790,711	736,158
Provision utilised	(712,866)	(611,433)
Leave encashed	(23,292)	(27,953)
At 31 March	<u>790,711</u>	<u>736,158</u>

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

	<b>2015/2016</b>	<b>2014/2015</b>
	\$	\$
At 1 April	582,200	352,600
Provision for the financial year	–	229,600
At 31 March	<u>582,200</u>	<u>582,200</u>

### 12. AMOUNT DUE FROM/(TO) PARENT MINISTRY AND OTHER GOVERNMENT AGENCIES

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

### 13. DEFERRED LEASE PAYABLES

	<b>2015/2016</b>	<b>2014/2015</b>
	\$	\$
Deferred lease payables	<u>63,906</u>	<u>64,990</u>

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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 2016

**14. DEFERRED CAPITAL GRANTS**

	<b>2015/2016</b>	<b>2014/2015</b>
	\$	\$
Balance at beginning of year	-	-
Capital grants received	172,061	-
Less: grants taken to statement of comprehensive income and expenditure		
- Amortisation of deferred capital grant	(4,779)	-
Balance at end of year	<u>167,282</u>	<u>-</u>

Capital grant received relates to the amount of reimbursement received/receivable by the Authority from IDA for the purchase of furniture, fittings, tools and equipment to enhance the network security system. [See Note 4]

**15. EXPENDITURE ON MANPOWER**

	<b>2015/2016</b>	<b>2014/2015</b>
	\$	\$
Employee benefits expense (including key management personnel):		
Salaries, allowances and bonuses	17,471,774	16,400,678
Defined contribution plans	2,558,716	2,208,132
Other employee benefits	135,115	206,003
	<u>20,165,605</u>	<u>18,814,813</u>
<b>Compensation of key management personnel</b>		
Salaries, bonuses and other allowances	2,780,299	2,855,095
Defined contribution plans	261,039	263,197
Total compensation paid to key management personnel	<u>3,041,338</u>	<u>3,118,292</u>

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.

**16. OTHER OPERATING EXPENSES**

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

	<b>2015/2016</b>	<b>2014/2015</b>
	\$	\$
Plant and equipment expensed off	163,240	69,109
Intangible assets expensed off	454	-
Goods and services tax expensed off	905,101	736,762
Loss on disposal of plant and equipment	9,881	59,099
Loss on disposal of intangible assets	22,980	1,663
Board fees	<u>166,303</u>	<u>117,136</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)  
31 March 2016

**17. NON-OPERATING INCOME**

	<b>2015/2016</b>	<b>2014/2015</b>
	\$	\$
Interest income from short term deposits	1,085,783	1,036,991
Income received from assets transferred	–	14,758
Over-accrual of expenses from parent ministry	38,213	–
Others	718	596
	<u>1,124,714</u>	<u>1,052,345</u>

**18. 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 2016.

During the financial year, management paid statutory contribution of \$1,729,938 (2014/2015: \$1,477,847).

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

	<b>2015/2016</b>	<b>2014/2015</b>
	\$	\$
Surplus of the Authority before statutory contribution to consolidated fund	8,720,826	10,176,108
Contribution payable at 17% (2014/2015: 17%)	<u>1,482,540</u>	<u>1,729,938</u>

**19. 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 \$2,892,655 (2014/2015: \$2,811,959).

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

	<b>2015/2016</b>	<b>2014/2015</b>
	\$	\$
Not later than one year	3,018,814	2,907,618
Later than one year but not later than five years	5,597,779	8,616,593
	<u>8,616,593</u>	<u>11,524,211</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 2016

**19. COMMITMENTS (CONT'D)****(b) Other commitments**

In addition to the above, the Authority is given the flexibility to lease for the use of computer equipment under Infocomm Development Authority of Singapore (IDA)'s PC Bulk Tender with no buyback options with a third vendor. The Authority will pay a monthly fee for the use of those equipment. All other IT services will be subscribed via other IDA bulk tenders under the "Whole of Government ICT Infrastructure" arrangement.

**20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Authority's principal financial instruments comprise of cash and cash equivalents. 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.

	<b>Note</b>	<b>On demand or within 1 year</b>	<b>Between 2 to 5 years</b>	<b>Total</b>
		\$	\$	\$
<b>2015/2016</b>				
Trade and other payables	8	4,225,275	–	4,225,275
Provision for retention bonus	11	580,469	970,439	1,550,908
Provision for reinstatement cost	11	–	582,200	582,200
Provision for unutilised leave	11	790,711	–	790,711
Amount due to parent ministry and other government agencies	12	6,618	–	6,618
		<u>5,603,073</u>	<u>1,552,639</u>	<u>7,155,712</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
31 March 2016

## 20. 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 \$
<b>2014/2015</b>				
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
		<u>5,106,022</u>	<u>1,452,979</u>	<u>6,559,001</u>

## 21. 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.

*Classification of financial assets/liabilities*

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

	Note	2015/2016 \$	2014/2015 \$
<b>Loans and receivables</b>			
Trade and other receivables	6	910,553	592,445
Deposits		835,036	841,748
Cash and cash equivalents	7	<u>119,628,223</u>	<u>89,764,281</u>
		<u>121,373,812</u>	<u>91,198,474</u>
<b>Financial liabilities at amortised cost</b>			
Trade and other payables	8	4,225,275	3,764,153
Provision for retention bonus	11	1,550,908	1,456,422
Provision for unutilised leave	11	582,200	736,158
Provision for site restoration cost	11	790,711	582,200
Amount due to parent ministry		6,618	20,068
		<u>7,155,712</u>	<u>6,559,001</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 2016

### **22. 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.

### **23. AUTHORISATION OF FINANCIAL STATEMENTS**

The financial statements of the Authority for the year ended 31 March 2016 were authorised for issue by the members of its Board on 25 July 2016.

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