casino regulatory authority

# ANNUAL REPORT | 2016 . 2017

www.cra.gov.sg

casino regulatory authority

# MISSION

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

Ensuring that gaming in a casino is conducted honestly.

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

# VISION

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

# VALUES

Integrity
Care
Professionalism
Pioneering Spirit
Teamwork

# CONTENTS

# CHAIRMAN'S FOREWORD

**LEE TZU YANG**
Chairman

Our work as a casino regulator will continue to increase in complexity and diversity. It is critical that we revise and refocus our approach to improve our effectiveness and efficiency to deal with the changing environment.

## INTRODUCTION

Last year, CRA officers came together to chart our plans to pursue regulatory excellence so as to better steer CRA to meet future challenges. This year, our focus is to forge ahead in putting these plans into action. One year is too short to claim success even though we have made progress. We require deliberate persistence, constant attention and thoughtful determination in this effort on the part of every officer, even as we keep an eye on the operating environment.

## DEVELOPMENTS IN THE CASINO LANDSCAPE

**Regional regulatory community**

Over the past year, new casino regimes have developed in the region. The most notable is Japan which at the end of last year passed a bill to legalise casinos. Closer to Singapore, Vietnam has published a new decree on casino gaming, while Cambodia is expected to approve a new gaming bill this year and establish a new regulator. There are at least nine new integrated resorts planned in countries such as Australia, South Korea, Macau and the Philippines in the immediate future.

Building on the strong ties that we have established with our overseas counterparts, CRA officers will continue to strengthen our partnerships, and to build new relationships. This will be driven with a purpose - to enhance cooperation and collaboration on matters of mutual interest. This may be in the form of sharing information on matters such as best practices and regulatory pitfalls. Through such exchanges, regulators can collectively build up and share knowledge, and in doing so, strengthen regulatory oversight of the industry as a whole.

**Gaming technology and products**

In addition to regulatory and legislative developments, technological developments are also an area to which we will pay close attention. For instance, there is the growing trend in skill-based gaming, and the development of new interfaces such as virtual reality and mobile devices that may be used in future in gaming.

Nevada and New Jersey have recently issued regulations to permit skill-based gaming. CRA has been studying these developments closely and reaching out to counterparts on their regulatory philosophy and approach. We must examine our operating parameters and consider how best to continue meeting our regulatory objectives with the emergence of new technology and gaming products, which may challenge or be not covered by the status quo.

Even very good casino regulatory systems will be increasingly challenged by developments in technology with potential impact on casino operations, both in gaming and otherwise. It is therefore important for CRA to scan for such developments and develop the tools to meet such challenges.

## COMMITMENT TO OUR MISSION

From the formation of CRA, we are guided by our mission to keep the casinos free from criminal influence or exploitation, ensure gaming in the casinos are conducted honestly, and contain the potential of the casinos to cause harm to society. Our regime is currently well-regarded and other countries look to us for reference and examples. However, our own development of better regulation cannot stop.

Our work as a casino regulator will continue to increase in complexity and diversity. It is critical that we revise and refocus our approach to improve our effectiveness and efficiency to deal with the changing environment. CRA needs to be an agile regulator able to anticipate or react quickly to changes, to ensure that our regulatory objectives continue to be met.

We are not alone in our mission in Singapore. CRA works closely with valued partners such as the Singapore Police Force, the Ministry of Social and Family Development and the National Council on Problem Gambling, amongst others, to achieve our objectives. One example of such cooperation is the joint effort by CRA and our partners to ensure proper supervision of the casinos in prevention of money laundering and terrorism financing.

## WORKING AS A TEAM

I have seen how close-knit the people are in CRA, with different divisions working together and supporting one another, towards a common goal and vision. Understanding our overall mission and objectives as a casino regulator informs what we do and guides our work. As we continue to strengthen our regulatory regime, we must also invest in leadership development for our regulatory human potential. We are still a young organisation, but CRA pioneers built a culture of continuous learning and improvement. Our officers must continue with this spirit of sharing and helping one another learn and grow.

## CONCLUSION

New and varied challenges will continue to surface in the changing environment that is the casino industry. It is necessary for CRA to seize every opportunity to think ahead, continue to search for ways to sharpen our acumen and strengthen our regime. The efforts of the combined team, which includes every officer in CRA, are necessary to tackle these challenges.

As we look forward to our tenth anniversary in 2018, I have every confidence that we will consistently make progress on our journey towards regulatory excellence.

# CHIEF EXECUTIVE'S MESSAGE

**JERRY SEE**
Chief Executive

> CRA is committed to achieving our mission through a robust supervisory regime. We continually identify ways to sharpen our regulatory approach so that our actions are calibrated and appropriate.

## INTRODUCTION

CRA observed our ninth anniversary as a casino regulator in April 2017. The challenges for CRA in the early years were to establish a credible regulatory regime and ensure that we have the people with the correct skills and temperament to make it effective. We have thus far established a strong regulatory regime that is well regarded.

Over the years, CRA's operating environment has changed. Since the opening of the two integrated resorts in Singapore, there has been greater impetus for other countries to also allow integrated resorts with casinos to reap the economic benefits of such projects. Notably, the Diet in Japan passed laws to allow for casinos last year, while Vietnam has issued a decree allowing for limited gaming by Vietnamese at its casinos. There are also various integrated resort developments in Australia, Macau, the Philippines, and South Korea that will come into operation in the near future.

There will be greater use of technology in gaming, as well as new concepts, such as skill-based gaming. Such changes will pose challenges to the regulatory regime of CRA and we will need to be agile to be able to respond to such challenges.

## SUPERVISION OF CASINOS

CRA is committed to achieving our mission through a robust supervisory regime. We continually identify ways to sharpen our regulatory approach so that our actions are calibrated and appropriate. For instance, we have adopted a differentiated approach for inspections and compliance checks based on our assessment of risks. This approach, coupled with a wide range of regulatory levers, provides CRA with greater flexibility in addressing changes in our operating environment. It will allow us to better calibrate our responses to achieve the desired regulatory outcomes.

CRA is also looking ahead in anticipation of greater use of technology and new gaming concepts in the casinos. We are studying how such changes may impact our regulatory objectives and how our regulatory regime can address such risks.

Even as CRA continues to pay attention to how we set up our robust regulatory regime, we remain vigilant on how such measures are implemented and complied with on the ground. We expect a high level of commitment from our casino operators to ensure compliance to the regulatory requirements. On occasions where the casino operators fall short of the standards expected of them, we will not hesitate to take the necessary actions. In Financial Year 2016, CRA imposed financial penalties totalling $165,000 on both casino operators for breaching the requirements in the Casino Control Act and its subsidiary legislation. The casino operators have since taken steps to rectify the areas where there had been gaps. CRA continues to exercise vigilance on the ground and work with the casino operators to strengthen compliance.

## FORGING STRONG PARTNERSHIPS

With casino operators having operations across multiple jurisdictions, regulating casinos requires cooperation with partners outside of our own jurisdiction. CRA recognises the importance of being able to collaborate and cooperate with our overseas partners to exchange information, share insights and collectively strengthen regulatory standards. As a member of the International Association of Gaming Regulators (IAGR) for more than a decade, CRA is appreciative of the international ties and network that we are able to forge through IAGR. With the expected expansion of the casino industry in regional jurisdictions, we will also look to increase our engagement with our counterparts in the region to enhance cooperation.

Locally, CRA has been working closely with various local partners to achieve the objectives of CRA. Specifically, we work with the Singapore Police Force and other law enforcement agencies to keep out any criminal influence or infiltration in the casinos. In the area of protecting the vulnerable from the social harm that may potentially be caused by casinos, CRA works closely with the Ministry of Social and Family Development and National Council on Problem Gambling, amongst others, to ensure that social safeguard measures are implemented robustly and identify appropriate interventions to prevent such harm.

The strong partnerships that CRA has forged over the years had stood us in good stead as we were able to harness these partnerships to achieve our mission.

## LEVERAGING ON OUR RESOURCES

In the last year, CRA has stepped up our efforts to leverage on technologies and data to aid us in our work. In the area of sense-making, we have invested in the infrastructure and trained our people to assimilate information from different sources. This is an ongoing process as we will increasingly make better use of data to improve our regulatory oversight.

We have also made greater use of technology to improve our processes and efficiency. We will continue to invest in this area to better utilise the resources we have.

Our people remains our most valuable asset in CRA. Having completed the development of the competency framework and rolled out the necessary training interventions, we will be focusing on developing our people to achieve competencies and skills needed to be more effective regulators. We are also growing our abilities to meet such training needs in-house to ensure that we can acquire the unique insights and skills that we need.

We will continue to invest in the leadership development of our people to ensure that the commitment to our mission, values as well as the ethos of the public service remain key to our officers' success.

## CONCLUSION

CRA has achieved much over the years in setting up and implementing a casino regulatory regime that is well regarded by many. As we progress into our tenth year, we should continue to build on this legacy to ensure that we remain agile, relevant and effective into the future. I look forward to continuing this journey with my colleagues and the many partners we have.

**Ian Lee** (Inspection & Compliance ) | **Cindy Tan** (Human Resource)
**Geraldine Yeo** (Investigations) | **Jason Chng** (Licensing) | **Chan Wei Siang** (Gaming Technology)

> It is necessary for CRA to seize every opportunity to think ahead, continue to search for ways to sharpen our acumen and strengthen our regime.

# 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 DAVID WONG**
Chairman
Republic Polytechnic

Member
**MR GERALD SINGHAM**
Deputy Managing Partner
Dentons Rodyk & Davidson LLP

Member
**MR KAIKHUSHRU SHIAVAX NARGOLWALA**
Chairman of the Governing Board
Duke-NUS Medical School

Member
**MR KHOO BOON HUI**
Senior Fellow
Home Team Academy

Member
**MS KRISTY TAN**
Partner
Allen & Gledhill LLP

Member
**MS LAI WEI LIN**
Deputy Secretary (Policy)
Ministry of Education

Member
**MR LAU PEET MENG**
Deputy Commissioner (Operations)
concurrent Director Operations
Singapore Police Force

Member
**DR LEE TUNG JEAN**
Deputy Secretary
Ministry of Social and Family Development

Member
**MR NG CHONG KHIM**
Senior Advisor
Singapore Technologies Electronics Limited

Member
**MR TAN CHIAN KHONG**

# BOARD COMMITTEES

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 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 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

**MR TAN CHEE KIONG**
Director (Covering)
Investigations

We will continue to invest in the leadership development of our people to ensure that the commitment to our mission, values as well as the ethos of the public service remain key to our officers' success.

**Nur Athirah** (Research) | **Jimmy Ling** (Investigations) | **Josephine Kok** (Corporate Development) | **Ng Soo Horng** (Infocomm Technology)

# MILESTONES & ACHIEVEMENTS

## 7TH GAMING TECHNOLOGY FORUM

CRA held the 7th Gaming Technology Forum on 3 March 2017, which was attended by representatives from the two casino operators, Approved Manufacturers and Approved Suppliers of gaming equipment, and Approved Test Service Providers. The Forum covered developments in gaming technology regulations and technical standards, and new developments in gaming technology and products such as skill-based gaming.


**Right** Chief Executive of CRA, Mr Jerry See, delivering the opening address at the 7th Gaming Technology Forum.

## CRA WORKPLAN SEMINAR (WPS) 2017

On 7 April 2017, CRA held its annual Workplan Seminar with the theme of 'Pursuing Regulatory Excellence'. In his opening address, CRA Chairman Mr Lee Tzu Yang, emphasised the importance of CRA continuing to perform well in the ever-changing environment in the casino industry. He also encouraged CRA officers to consider how each of us can contribute to CRA's pursuit for regulatory excellence.

**Above** CRA officers at the Workplan Seminar 2017.

# AWARDS & ACCOLADES

## NATIONAL DAY AWARDS 2016

Two CRA officers were awarded National Day Awards for their exceptional contributions to the Public Service. Mr Tok Teck Kwan, Senior Assistant Director (Research), received the Commendation Medal while Mr Alfred Tay, Head (Enforcement), received the Efficiency Medal.

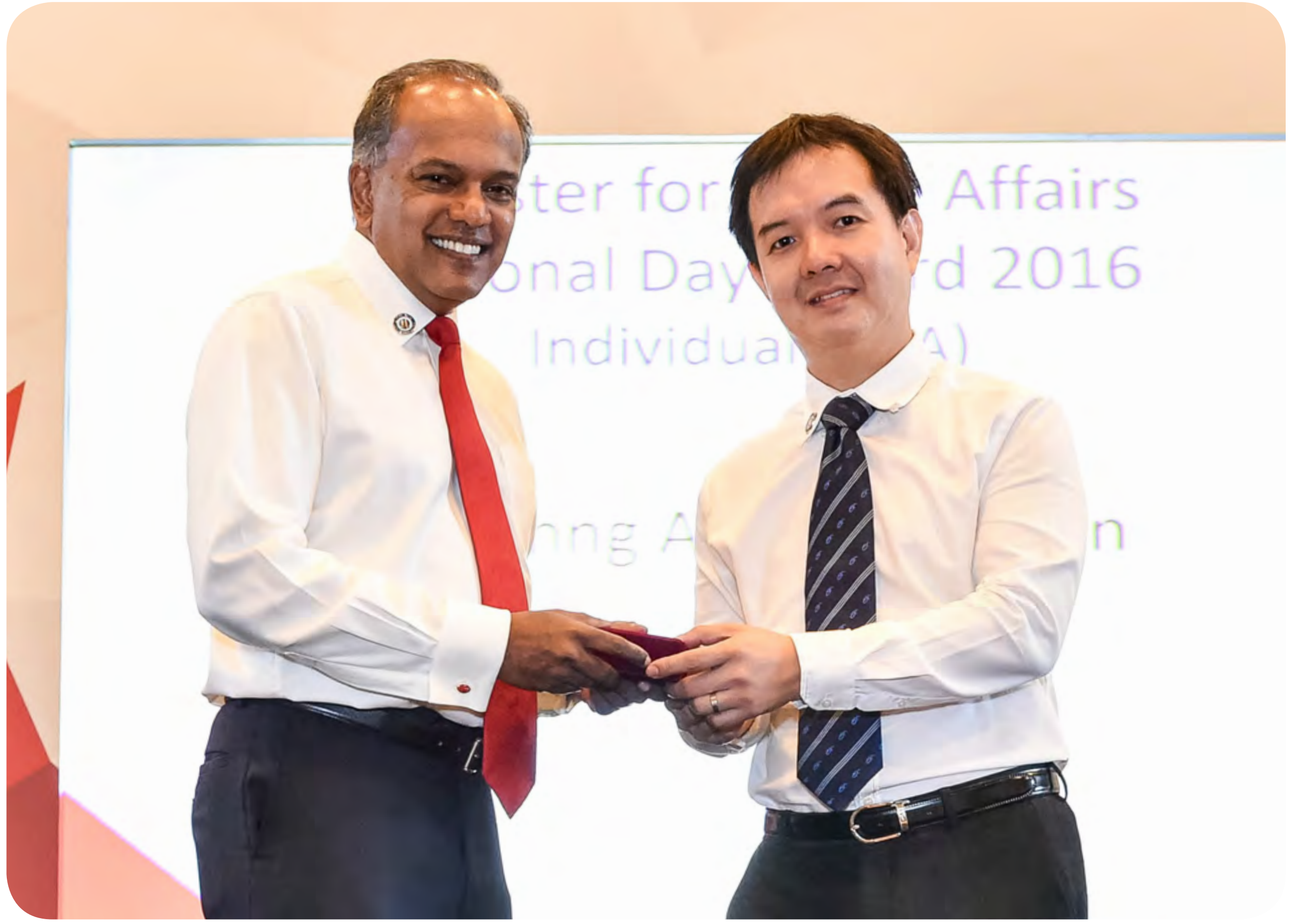
Mr Tok was recognised for putting in place a probity investigations regime for casino licenses and special employee licenses. During Mr Tok's tenure in the Investigations Division, he oversaw the development of an investigation management system that enhanced CRA's efficiency in managing probity and regulatory investigations.

Mr Tay was a pioneering member of the Enforcement Branch when it was set up in 2013. As a team leader in the Enforcement Branch, he contributed significantly in the development of the enforcement processes and in the training of CRA inspectors on game rules, casino internal controls and regulatory requirements. In addition, he proactively planned and implemented ways to improve the efficiency of the branch.

**Above** Mr Tok Teck Kwan (left) and Mr Alfred Tay (right) receiving the Commendation Medal and the Efficiency Medal respectively from then-Senior Minister of State for Home Affairs and National Development, Mr Desmond Lee.

## MINISTER FOR HOME AFFAIRS NATIONAL DAY AWARD 2016

Mr Jason Chng, Head (Licensing), was awarded the Minister for Home Affairs National Day Award in recognition of his contributions to CRA. The award is given to Home Team officers who demonstrate outstanding competency and efficiency, and make significant contributions in areas of work of special significance. In his present role in the Licensing Division, Mr Chng contributed significantly to the review, redevelopment and implementation of the Casino Licence Application System Phase II, which had enhanced the system functionalities and led to a more effective and efficient licensing process.



**Above** Mr Jason Chng receiving the Minister for Home Affairs National Day Award from Minister for Home Affairs and Minister for Law, Mr K Shanmugam

AWARDS &
(continued) ACCOLADES

## CRA STAR EMPLOYEE AWARD 2017

In recognition for their work dedication, professionalism and care shown towards their colleagues, Ang Yuyun (Senior Manager, Human Resource), Benjamin Lim (Manager, Inspection & Compliance), Hoon Thien Rong (Manager, Gaming Technology) and Tan Wee Lee (Senior Manager, Investigations) were awarded the CRA Star Employee Award.

**Right** (from left to right) Mr Benjamin Lim, Mr Tan Wee Lee, Ms Ang Yuyun and Mr Hoon Thien Rong with their CRA Star Employee Award presented by CRA Chairman, Mr Lee Tzu Yang (centre).

## CReAte AWARD 2017

The CReAte Award was introduced in 2017 to recognise teams of officers for impactful work improvement or innovation; as well as to encourage officers to continually think about how they can better achieve work objectives and to proactively make improvements and innovations. Teams from the Inspection and Compliance Division and the Human Resource Division were awarded the CReAte Award for leveraging on technology to improve their work processes.

**Left** CRA officers from the Inspection and Compliance Division (left), and the Human Resource Division (right) with their CReAte Award 2017 presented by CRA Chairman, Mr Lee Tzu Yang.

# AWARDS & ACCOLADES (continued)

## CRA COMMITMENT RECOGNITION AWARD 2017

24 officers received the 5-year Commitment Recognition Award and 9 officers received the 10-year Commitment Recognition Award. The award is given to officers in recognition of their commitment and dedication to CRA.

## LONG SERVICE AWARD

Three Board Members, Ms. Lai Wei Lin, Mr. Kaikhushru Shiavax Nargolwala, and Mr. Chang See Hiang, received the Long Service Award 2016 in recognition of their contributions to the CRA Board. The Long Service Awards are presented to community leaders and professionals who have made significant contributions to MHA for five or more years.

## ISO27001:2013 CERTIFICATION

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

# ENFORCEMENT ACTIONS

## FY2016

| CASINO OPERATOR | RELEVANT LEGISLATION | BREACH | ACTION TAKEN BY CRA |
|---|---|---|---|
| **Marina Bay Sands Pte. Ltd.** | Section 133(1) of the CCA | Failure to prevent 1 minor from entering and/or remaining on its casino premises without reasonable excuse. | Financial penalty of $15,000 |
| | Regulation 8(1)(a) of the Casino Control (Entry Levy) Regulations 2010 | Failures to implement a system for the collection of the entry levy which has been approved by the Authority. | Financial penalties totalling $75,000 |
| **Resorts World at Sentosa Pte. Ltd.** | Section 133(1) of the CCA | Failures to prevent a total of 7 minors from entering and/or remaining on its casino premises without reasonable excuse. | Financial penalties totalling $75,000 |

**Tan Chiew Lian** (Investigations) | **Calvin Lim** (Legal)

# FINANCIAL CONTENTS

# STATEMENT BY THE CASINO REGULATORY AUTHORITY OF SINGAPORE

In our opinion, the accompanying balance sheet, statement of comprehensive income, statement of changes in equity and statement of cash flows together with notes thereto of the Casino Regulatory Authority of Singapore (the "Authority") as set out on pages 30 to 52 are drawn up so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2017 and of the results, changes in equity and cash flows of the Authority for the financial year ended 31 March 2017.

On Behalf of the Authority:

**Lee Tzu Yang**
Chairman

**Jerry See**
Chief Executive

Singapore
25 July 2017

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2017
To the Members of Casino Regulatory Authority of Singapore

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying financial statements of Casino Regulatory Authority of Singapore (the "Authority") set out on pages 30 to 52, which comprise the balance sheet as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Authority for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Casino Control Act, Chapter (Cap. 33A) (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2017 and the results, changes in equity and cash flows of the Authority for the financial year then ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises the Annual Report and Statement by the Authority, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SB-FRS, 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.

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Authority or for the Authority to cease operations.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.





## Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

## 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.

## Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of the Authority in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

## Responsibilities of Management 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 Responsibilities for the Compliance Audit

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.

# INDEPENDENT AUDITOR'S REPORT

(Continued)

For the financial year ended 31 March 2017
To the Members of Casino Regulatory Authority of Singapore

## Auditor's Responsibilities for the Compliance Audit (Continued)

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 entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

Fookon Tan LLP

Foo Kon Tan LLP

Public Accountants and
Chartered Accountants
Singapore

25 July 2017

# BALANCE SHEET

as at 31 March 2017

| | Note | 2016/2017 $ | 2015/2016 $ |
|---|---|---|---|
| **Equity** | | | |
| Capital account | 3 | 36,001,000 | 36,001,000 |
| Accumulated surplus | | 25,066,947 | 18,954,612 |
| **Total equity** | | 61,067,947 | 54,955,612 |
| Represented by: | | | |
| **Non-current assets** | | | |
| Plant and equipment | 4 | 6,047,894 | 6,060,548 |
| Intangible assets | 5 | 1,098,075 | 1,221,800 |
| | | 7,145,969 | 7,282,348 |
| **Current assets** | | | |
| Trade and other receivables | 6 | 1,430,934 | 910,553 |
| Prepaid operating expenses | | 581,879 | 390,221 |
| Deposits | | 831,976 | 835,036 |
| Amount due from parent ministry | 12 | 438 | 7,152 |
| Cash and cash equivalents | 7 | 147,508,671 | 119,628,223 |
| | | 150,353,898 | 121,771,185 |
| **Total assets** | | 157,499,867 | 129,053,533 |
| **Current liabilities** | | | |
| Trade and other payables | 8 | 4,928,428 | 4,225,275 |
| Fees received in advance | 9 | 44,250,764 | 23,573,254 |
| Prepayments received | 10 | 447,345 | 910,022 |
| Provisions | 11 | 1,574,299 | 1,371,180 |
| Amount due to parent ministry and other government agencies | 12 | 97,420 | 6,618 |
| Provision for contribution to consolidated fund | 19 | 1,251,924 | 1,482,540 |
| | | 52,550,180 | 31,568,889 |
| **Net current assets** | | 97,803,718 | 90,202,296 |
| **Non-current liabilities** | | | |
| Fees received in advance | 9 | 42,252,055 | 40,745,205 |
| Provisions | 11 | 1,467,850 | 1,552,639 |
| Deferred lease payables | 13 | 51,907 | 63,906 |
| Deferred capital grants | 14 | 109,928 | 167,282 |
| | | 43,881,740 | 42,529,032 |
| **Total liabilities** | | 96,431,920 | 74,097,921 |
| **Net assets** | | 61,067,947 | 54,955,612 |

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

# STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2017

| | Note | 2016/2017 $ | 2015/2016 $ |
|---|---|---|---|
| **Income** | | | |
| License fee | | 43,794,521 | 38,443,836 |
| Application fees | | 748,230 | 1,558,950 |
| Fines | | 176,800 | 498,800 |
| | | 44,719,551 | 40,501,586 |
| **Expenditure** | | | |
| Expenditure on manpower | 15 | (20,302,458) | (20,165,605) |
| Staff welfare and development | | (928,220) | (934,802) |
| Rental of premises and others | | (3,011,100) | (2,892,655) |
| Maintenance | | (1,605,834) | (1,292,048) |
| Depreciation of plant and equipment | 4 | (1,922,546) | (1,675,324) |
| Amortisation of intangible assets | 5 | (535,232) | (419,827) |
| Utilities | | (190,884) | (202,683) |
| Communications | | (471,941) | (471,092) |
| Management and professional services | 16 | (9,524,289) | (3,663,245) |
| Other operating expenses | 17 | (1,225,799) | (1,192,972) |
| | | (39,718,303) | (32,910,253) |
| **Operating surplus** | | 5,001,248 | 7,591,333 |
| Non-operating income | 18 | 2,305,657 | 1,124,714 |
| Amortisation of deferred capital grants | 14 | 57,354 | 4,779 |
| **Surplus before statutory contribution to consolidated fund** | | 7,364,259 | 8,720,826 |
| Statutory contribution to consolidated fund | 19 | (1,251,924) | (1,482,540) |
| **Surplus for the year, representing total comprehensive income for the financial year** | | 6,112,335 | 7,238,286 |

*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 2017

| | Capital account $ | Accumulated surplus $ | Total $ |
|---|---|---|---|
| Balance as at 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 |
| **Transactions with owners, recognised directly in equity** | | | |
| **Contributions by and distributions to owners:** | | | |
| Transfer of funds to the Consolidated Fund [1] | - | (3,945,214) | (3,945,214) |
| Balance as at 31 March 2016 and 1 April 2016 | 36,001,000 | 18,954,612 | 54,955,612 |
| Surplus for the year, representing total comprehensive income for the year | - | 6,112,335 | 6,112,335 |
| Balance as at 31 March 2017 | 36,001,000 | 25,066,947 | 61,067,947 |

[1] In 2015, the Authority contributed $3,945,214 to the Consolidated Fund as a transfer of prior periods' collection of fines and financial penalties in accordance with Section 3(b) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A).

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

# STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2017

| | Note | 2016/2017 $ | 2015/2016 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Surplus before statutory contribution to consolidated fund** | | 7,364,259 | 8,720,826 |
| Adjustments for: | | | |
| Depreciation of plant and equipment | 4 | 1,922,546 | 1,675,324 |
| Amortisation of intangible assets | 5 | 535,232 | 419,827 |
| Amortisation of deferred capital grant | 14 | (57,354) | (4,779) |
| Provision for unutilised leave, net | | 101,145 | 77,845 |
| Provision for retention bonus | 11 | 619,564 | 724,486 |
| Deferred lease expense | | (11,999) | (1,084) |
| Loss on disposal of intangible asset | 17 | - | 22,980 |
| Loss on disposal of plant and equipment | 17 | 36,134 | 9,881 |
| Interest income from short term deposits | 18 | (2,304,957) | (1,085,783) |
| **Surplus before working capital changes** | | 8,204,570 | 10,559,523 |
| Operating cash flows before working capital changes: | | | |
| Increase in trade and other receivables | | (65) | (51,573) |
| (Increase)/decrease in prepaid operating expenses | | (191,658) | 109,338 |
| Decrease in deposits | | 3,060 | 6,712 |
| Increase in trade and other payables | | 703,153 | 515,415 |
| (Decrease)/increase in prepayments received | | (462,677) | 36,626 |
| Increase/(decrease) in amount due to parent ministry | | 97,516 | (20,602) |
| Increase in fees received in advance | | 22,184,360 | 27,514,295 |
| Payment of retention bonus | 11 | (598,000) | (630,000) |
| Leave encashed | 11 | (4,379) | (23,292) |
| Contribution to consolidated fund | 19 | (1,482,540) | (1,729,938) |
| **Cash flows generated from operations** | | 28,453,340 | 36,286,504 |
| Transfer of funds to consolidated fund | | - | (3,945,214) |
| Interest received | | 1,730,348 | 819,248 |
| **Net cash flows generated from operating activities** | | 30,183,688 | 33,160,538 |
| **Cash flows from investing activities** | | | |
| Purchase of plant and equipment | | (2,012,471) | (2,568,502) |
| Purchase of intangible assets | | (345,062) | (845,862) |
| Capital grants received on purchase of plant and equipment | | 54,293 | 117,768 |
| **Net cash flows used in investing activities** | | (2,303,240) | (3,296,596) |
| Net increase in cash and cash equivalents | | 27,880,448 | 29,863,942 |
| Cash and cash equivalents at beginning of the year | | 119,628,223 | 89,764,281 |
| **Cash and cash equivalents at end of the year** | 7 | 147,508,671 | 119,628,223 |

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

# NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

## 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 to cause harm to minors, vulnerable persons and the society at large.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Authority for the financial year ended 31 March 2017 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 2016.

| Reference | Description |
|---|---|
| Amendments to SB-FRS 1 | *Disclosure Initiatives* |

The amendments to SB-FRS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing SB-FRS 1 requirements. The amendments clarify:

- The materiality requirements in FRS 1
- That specific line items in the statement(s) of profit or loss and other comprehensive income ("OCI") and the balance sheet may be disaggregated
- That entities should adopt a systemic order in which they present the notes to financial statements

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.2 Changes in accounting policies (Cont'd)

- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the balance sheet and the statement of comprehensive income and OCI. The amendments to SB-FRS 1 are effective for annual periods beginning on or after 1 January 2016. As this is a disclosure standard, it will have no impact to the financial position and performance of the Authority when applied in.

### 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 |
|---|---|---|
| SB-FRS 115 | *Revenue from Contracts with Customers* | 1 January 2018 |
| Clarifications to SB-FRS 115 | *Revenue from Contracts with Customers* | 1 January 2018 |
| SB-FRS 109 | *Financial Instruments* | 1 January 2018 |
| SB-FRS 116 | *Leases* | 1 January 2019 |

**SB-FRS 115 Revenue from Contracts with Customers**

SB-FRS 115 *Revenue from Contracts with Customers* establishes a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It established a new five-step model that will apply to revenue arising from contracts with customers. Under SB-FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

The standard replaces SB-FRS 11 *Construction Contracts*, SB-FRS *18 Revenue*, INT SB- FRS 113 *Customer Loyalty Programmes*, INT SB-FRS 115 *Agreements for the Construction of Real Estate*, INT SB-FRS 118 *Transfer of Assets from Customers* and INT SB-FRS 31 *Revenue – Barter Transactions involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall into the scope of other standards. SB-FRS 115 is effective for annual periods beginning on or after 1 January 2018. The Authority is currently assessing the impact to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS
(Continued)
31 March 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.3 SB-FRS and INT SB-FRS not yet effective (Cont'd)

**Clarifications to SB-FRS 115 *Revenue from Contracts with Customers***

The amendments clarify how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided);
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

The amendments have the same effective date as the Standard, SB-FRS 115, i.e. on 1 January 2018.

**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.

**SB-FRS 116 Leases**

SB-FRS 116 *Leases* replaces accounting requirements introduced more than 30 years ago in accordance with SB-FRS 17 *Leases* that are no longer considered fit for purpose, and is a major revision of the way in which companies where it is required lessees to recognise most leases on their balance sheets. Lessor accounting is substantially unchanged from current accounting in accordance with SB-FRS 17.

SB-FRS 116 is effective for annual periods beginning on or after 1 January 2019.

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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.4 Significant accounting judgements and estimates (Cont'd)

**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.

**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. As at 31 March 2017, a 1% increase/decrease in the attrition rate, keeping the discount rate constant, would have increase/ (decrease) in the provision for retention bonus as follows:

| | 2016/2017<br>$ | 2015/2016<br>$ |
|---|---|---|
| Attrition rate: | | |
| - Increase by 1% | (16,431) | (16,676) |
| - Decrease by 1% | 16,431 | 16,676 |

**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 2017 was $6,047,894 and $1,098,075 (2015/2016: $6,060,548 and $1,221,800) 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.



NOTES TO THE
FINANCIAL STATEMENTS
(Continued)
31 March 2017

## 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 statement of comprehensive income.

### 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 statement of comprehensive income in the year of purchase as plant and equipment expensed off disclosed in Note 17.

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 statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income, 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 statement of comprehensive income.





## 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:

<u>Loans and receivables</u>

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 the statement of comprehensive income 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 statement of comprehensive income.

***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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.10 Cash and cash equivalents (cont'd)

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.

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 statement of comprehensive income.

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 statement of comprehensive income.





## 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 statement of comprehensive income.

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 the statement of comprehensive income 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 statement of comprehensive income.

## 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 statement of comprehensive income 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 presented as "current" and "non-current" portions of liabilities 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 statement of comprehensive income 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.

NOTES TO THE
FINANCIAL STATEMENTS
(Continued)
31 March 2017

## 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 an 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 such that 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

| | 2016/2017 | | 2015/2016 | |
|---|---|---|---|---|
| | 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 a 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 2017

## 4. PLANT AND EQUIPMENT

| | Plant and machinery | Renovation | Furniture, fittings, tools and equipment | Heritage | Work-in-progress | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Cost: | | | | | | |
| At 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 intangible asset (Note 5) | - | - | - | - | (76,276) | (76,276) |
| Disposals | - | (1,035,423) | (87,873) | - | - | (1,123,296) |
| At 31 March 2016 and 1 April 2016 | 971,167 | 2,858,797 | 8,279,653 | 130,964 | 113,597 | 12,354,178 |
| Additions | - | - | 696,603 | - | 1,315,868 | 2,012,471 |
| Reclassifications | (388,000) | - | 388,000 | - | - | - |
| Transfer to intangible asset (Note 5) | - | - | - | - | (66,445) | (66,445) |
| Disposals | (271,386) | (2,740) | (6,942) | - | - | (281,068) |
| At 31 March 2017 | 311,781 | 2,856,057 | 9,357,314 | 130,964 | 1,363,020 | 14,019,136 |
| Accumulated depreciation: | | | | | | |
| At 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 and 1 April 2016 | 484,005 | 1,360,913 | 4,448,712 | - | - | 6,293,630 |
| Depreciation for the year | 38,807 | 583,965 | 1,299,774 | - | - | 1,922,546 |
| Reclassifications | (3,233) | - | 3,233 | - | - | - |
| Disposals | (237,178) | (814) | (6,942) | - | - | (244,934) |
| At 31 March 2017 | 282,401 | 1,944,064 | 5,744,777 | - | - | 7,971,242 |
| Carrying amount: | | | | | | |
| At 31 March 2017 | 29,380 | 911,993 | 3,612,537 | 130,964 | 1,363,020 | 6,047,894 |
| At 31 March 2016 | 487,162 | 1,497,884 | 3,830,941 | 130,964 | 113,597 | 6,060,548 |

## 5. INTANGIBLE ASSETS

| | Computer Software $ | Total $ |
|---|---|---|
| Cost: | | |
| At 1 April 2015 | 3,217,758 | 3,217,758 |
| Additions | 845,862 | 845,862 |
| Transfer from plant and equipment (Note 4) | 76,276 | 76,276 |
| Disposal | (23,772) | (23,772) |
| At 31 March 2016 and 1 April 2016 | 4,116,124 | 4,116,124 |
| Additions | 345,062 | 345,062 |
| Transfer from plant and equipment (Note 4) | 66,445 | 66,445 |
| At 31 March 2017 | 4,527,631 | 4,527,631 |
| Accumulated amortisation: | | |
| At 1 April 2015 | 2,475,289 | 2,475,289 |
| Amortisation for the year | 419,827 | 419,827 |
| Disposal | (792) | (792) |
| At 31 March 2016 and 1 April 2016 | 2,894,324 | 2,894,324 |
| Amortisation for the year | 535,232 | 535,232 |
| At 31 March 2017 | 3,429,556 | 3,429,556 |
| Carrying amount: | | |
| At 31 March 2017 | 1,098,075 | 1,098,075 |
| At 31 March 2016 | 1,221,800 | 1,221,800 |

## 6. TRADE AND OTHER RECEIVABLES

| | 2016/2017 $ | 2015/2016 $ |
|---|---|---|
| Interest receivable | 1,429,374 | 854,765 |
| Other receivables | 1,560 | 55,788 |
| | 1,430,934 | 910,553 |

As at 31 March 2016, other receivables included a reimbursement due from annother statutory board amounting to $54,293 in connection with the enhancement made to the Authority's network security system.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)
31 March 2017

## 7. CASH AND CASH EQUIVALENTS

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

| | 2016/2017 $ | 2015/2016 $ |
|---|---|---|
| Cash maintained with Accountant–General's Department ("AGD") | 147,508,671 | 119,628,223 |

Included in the cash and cash equivalents are:

(i) an amount of $261,373 (2015/2016: $910,377) which does not earn any interest.

(ii) the remaining balance of $147,247,298 (2015/2016: 118,717,846) 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 1.24% to 1.49% (2015/2016: 1.06% to 1.46%) per annum.

## 8. TRADE AND OTHER PAYABLES

| | 2016/2017 $ | 2015/2016 $ |
|---|---|---|
| Trade payables | 1,205,804 | 1,143,021 |
| Other payables | 330,639 | 661,100 |
| Accrued operating expenses | 3,391,985 | 2,421,154 |
| | 4,928,428 | 4,225,275 |

Trade payables and other payables are non-interest bearing. Trade payables are normally settled on a 30-days term. (2015/2016: 30 days)

## 9. FEES RECEIVED IN ADVANCE

| | Current $ | Non-current $ | Total $ |
|---|---|---|---|
| **2016/2017** | | | |
| Application fees | 250,764 | - | 250,764 |
| Casino license fees | 44,000,000 | 42,252,055 | 86,252,055 |
| | 44,250,764 | 42,252,055 | 86,502,819 |
| **2015/2016** | | | |
| Application fees | 271,884 | - | 271,884 |
| Casino license fees | 23,301,370 | 40,745,205 | 64,046,575 |
| | 23,573,254 | 40,745,205 | 64,318,459 |

## 10. PREPAYMENTS RECEIVED

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

## 11. PROVISIONS

| | Current $ | Non-current $ | Total $ |
|---|---|---|---|
| **2016/2017** | | | |
| **Financial liabilities:** | | | |
| Provision for retention bonus | 686,822 | 885,650 | 1,572,472 |
| Provision for unutilised leave | 887,477 | - | 887,477 |
| Provision for reinstatement cost | - | 582,200 | 582,200 |
| Total | 1,574,299 | 1,467,850 | 3,042,149 |
| **2015/2016** | | | |
| **Financial liabilities:** | | | |
| Provision for retention bonus | 580,469 | 970,439 | 1,550,908 |
| Provision for unutilised leave | 790,711 | - | 790,711 |
| Provision for reinstatement cost | - | 582,200 | 582,200 |
| Total | 1,371,180 | 1,552,639 | 2,923,819 |

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

| | 2016/2017 $ | 2015/2016 $ |
|---|---|---|
| At 1 April | 1,550,908 | 1,456,422 |
| Provision for the financial year | 619,564 | 724,486 |
| Payment made during the financial year | (598,000) | (630,000) |
| At 31 March | 1,572,472 | 1,550,908 |

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.





## 11. PROVISIONS (Cont'd)

Movement of the provision for unutilised leave is as follows:

| | 2016/2017 $ | 2015/2016 $ |
|---|---|---|
| At 1 April | 790,711 | 736,158 |
| Provision for the financial year | 887,477 | 790,711 |
| Provision utilised | (786,332) | (712,866) |
| Leave encashed | (4,379) | (23,292) |
| At 31 March | 887,477 | 790,711 |

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

| | 2016/2017 $ | 2015/2016 $ |
|---|---|---|
| At 1 April | 582,200 | 582,200 |
| Provision for the financial year | - | - |
| At 31 March | 582,200 | 582,200 |

## 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

| | 2016/2017 $ | 2015/2016 $ |
|---|---|---|
| Deferred lease payables | 51,907 | 63,906 |

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

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

## 14. DEFERRED CAPITAL GRANTS

| | 2016/2017 $ | 2015/2016 $ |
|---|---|---|
| Balance at beginning of year | 167,282 | - |
| Capital grants received | - | 172,061 |
| Less: grants taken to the statement of comprehensive income - Amortisation of deferred capital grant | (57,354) | (4,779) |
| Balance at end of year | 109,928 | 167,282 |

Capital grant received relates to the amount of reimbursement received by the Authority from Government Technology Agency (formerly known as Infocomm Development Authority of Singapore) for the purchase of furniture, fittings, tools and equipment to enhance the network security system.

## 15. EXPENDITURE ON MANPOWER

| | 2016/2017 $ | 2015/2016 $ |
|---|---|---|
| Employee benefits expense (including key management personnel): | | |
| Salaries, allowances and bonuses | 17,413,655 | 17,471,774 |
| Defined contribution plans | 2,660,186 | 2,558,716 |
| Other employee benefits | 228,617 | 135,115 |
| | 20,302,458 | 20,165,605 |
| **Compensation of key management personnel** | | |
| Salaries, bonuses and other allowances | 2,815,141 | 2,780,299 |
| Defined contribution plans | 324,018 | 261,039 |
| Total compensation paid to key management personnel | 3,139,159 | 3,041,338 |

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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)
31 March 2017

## 16. MANAGEMENT AND PROFESSIONAL SERVICES

| | 2016/2017 $ | 2015/2016 $ |
|---|---|---|
| Computer services | 2,266,970 | 1,340,979 |
| Other professional services | 5,591,366 | 1,068,126 |
| Board fees | 118,125 | 166,303 |
| Others | 1,547,829 | 1,087,837 |
| | 9,524,289 | 3,663,245 |

Management and professional services included mainly IT services and manpower costs, enforcement and monitoring costs and consultant fee payable to various government agencies.

## 17. OTHER OPERATING EXPENSES

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

| | 2016/2017 $ | 2015/2016 $ |
|---|---|---|
| Plant and equipment expensed off | 93,848 | 163,240 |
| Intangible assets expensed off | 8,447 | 454 |
| Goods and services tax expensed off | 881,579 | 905,101 |
| Loss on disposal of plant and equipment | 36,134 | 9,881 |
| Loss on disposal of intangible assets | - | 22,980 |

## 18. NON-OPERATING INCOME

| | 2016/2017 $ | 2015/2016 $ |
|---|---|---|
| Interest income from short term deposits | 2,304,957 | 1,085,783 |
| Over-accrual of expenses from parent ministry | - | 38,213 |
| Others | 700 | 718 |
| | 2,305,657 | 1,124,714 |

## 19. 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 2017.

## 19. STATUTORY CONTRIBUTION TO CONSOLIDATED FUND (Cont'd)

During the financial year, management paid statutory contribution of $1,482,540 (2015/2016: $1,729,938).

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

| | 2016/2017<br>$ | 2015/2016<br>$ |
|---|---|---|
| Surplus of the Authority before statutory contribution to consolidated fund | 7,364,259 | 8,720,826 |
| Contribution payable at 17% (2015/2016: 17%) | 1,251,924 | 1,482,540 |

## 20. 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 statement of comprehensive income during the year amounted to $3,011,100 (2015/2016: $2,892,655).

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

| | 2016/2017<br>$ | 2015/2016<br>$ |
|---|---|---|
| Not later than one year | 3,151,162 | 3,018,814 |
| Later than one year but not later than five years | 2,446,617 | 5,597,779 |
| | 5,597,779 | 8,616,593 |

(b) **Other commitments**

In addition to the above, the Authority is given the flexibility to lease for the use of computer equipment under Government Technology Agency (GovTech)'s (formerly known as Infocomm Development Authority of Singapore) PC Bulk Tender with no purchase 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 GovTech's bulk tenders under the "Whole of Government ICT Infrastructure" arrangement.

## 21. 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.



NOTES TO THE FINANCIAL STATEMENTS
(Continued)
31 March 2017

## 21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

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<br>$ | Between 2 to 5 years<br>$ | Total<br>$ |
|---|---|---|---|---|
| **2016/2017** | | | | |
| Trade and other payables | 8 | 4,928,428 | - | 4,928,428 |
| Provision for retention bonus | 11 | 686,822 | 885,650 | 1,572,472 |
| Provision for reinstatement cost | 11 | - | 582,200 | 582,200 |
| Provision for unutilised leave | 11 | 887,477 | - | 887,477 |
| Amount due to parent ministry and other government agencies | 12 | 97,420 | - | 97,420 |
| | | 6,600,147 | 1,467,850 | 8,067,997 |

## 21. 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 $ |
|---|---|---|---|---|
| **2015/2016** | | | | |
| 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 |
| | | 5,603,073 | 1,552,639 | 7,155,712 |

## 22. 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.





## 22. 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 | 2016/2017 $ | 2015/2016 $ |
|---|---|---|---|
| **Loans and receivables** | | | |
| Trade and other receivables | 6 | 1,430,934 | 910,553 |
| Deposits | | 831,976 | 835,036 |
| Cash and cash equivalents | 7 | 147,508,671 | 119,628,223 |
| | | 149,771,581 | 121,373,812 |
| **Financial liabilities at amortised cost** | | | |
| Trade and other payables | 8 | 4,928,428 | 4,225,275 |
| Provision for retention bonus | 11 | 1,572,472 | 1,550,908 |
| Provision for unutilised leave | 11 | 887,477 | 790,711 |
| Provision for reinstatement cost | 11 | 582,200 | 582,200 |
| Amount due to parent ministry | | 97,420 | 6,618 |
| | | 8,067,997 | 7,155,712 |

## 23. 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.

## 24. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Authority for the year ended 31 March 2017 were authorised for issue by the members of its Board on 25 July 2017.

casino
regulatory
authority

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