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Annual Report 2010/2011

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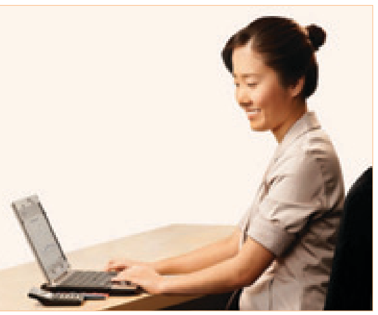

Milestones and Achievements

Mission

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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.

Foreword by Chairman

"Our approach to regulating the casinos has been firm yet fair, with a very serious view towards upholding the reputation of Singapore as a clean, respectable gaming jurisdiction."

Introduction

The past year has been challenging yet fulfilling. Having enabled Singapore's two casinos at Resorts World Sentosa (RWS) and Marina Bay Sands (MBS) to be duly licensed and opened in early 2010, we entered the year with a keen sense of anticipation, as the frameworks, systems, and processes that CRA had worked hard to develop over the last few years were to be applied.

One year on, numerous media reports are lauding the two operators as being among the most profitable casinos in the world. Indeed, the Integrated Resorts have attracted more tourists to Singapore and brought more jobs and opportunities for Singaporeans. More importantly for CRA, I can say with pride and satisfaction that the casinos have not compromised Singapore's considerable reputation for law and order. CRA's carefully calibrated casino regulatory regime, with attendant powers and ancillary oversight and enforcement capabilities, has been key to achieving such an outcome. Our approach to regulating the casinos has been firm yet fair, with a very serious view towards upholding the reputation of Singapore as a clean, respectable gaming jurisdiction.

In this respect, CRA has taken disciplinary action against the casino operators within their first year of operation. CRA's challenge moving forward is to ensure that the casino industry continues to thrive while being well-regulated and crime-free, with minimal impact on the vulnerable groups in our society.

Foreword by Chairman

Changes in the CRA Board

It has been just over three years since the formation of the CRA. Given the rapid development of the casino industry, it is timely to review our journey thus far. The end of the financial year 2010/2011 also saw the conclusion of the first term of the CRA Board. I would like to thank all the CRA Board members for their leadership. The Board has been thorough and meticulous in discharging its statutory and ancillary duties, serving as a compass in guiding CRA on the various aspects of regulating the casinos. It established and, where necessary, proscribed the internal management, financial, audit, manpower and other administrative processes and protocols of the CRA management.

Several Board members have stepped down because of their other commitments. For their tireless contributions, I would especially like to thank Group Chief Executive Officer, Singtel, Ms Chua Sock Koong, Deputy Secretary (Performance) Ministry of Finance, Mr Lim Hock Chuan and Director, Defence Finance Organisation, Ministry of Defence, Mr Jeffrey Wong. New members to the Board were appointed and, for continuity, others re-appointed for a second term on the Board. In this regard, I extend a warm welcome to the new Board Members, and look forward to their contributions moving forward.

Strengthening Partnerships, Sharpening Capabilities

This year's theme, "Strengthening Partnerships, Sharpening Capabilities," acknowledges the value and the strength of our relationships with various strategic partners, both international and local. We have fostered close working relationships with experienced casino regulators to learn from the best. CRA aims to strengthen these relationships further and enhance cooperation through the signing of Memorandums of Understanding (MOUs) with our referenced regulators. Locally, CRA will continue to work and liaise intensively with local law enforcement agencies to prevent crime in the casinos. With regard to social safeguards, CRA continues to be facilitative of the Ministry of Community Development, Youth and Sports (MCYS)'s and the National Council on Problem Gambling (NCPG)'s efforts to contain and control the negative implications of casino gambling. CRA will also continue to consult closely and professionally with the various industry stakeholders, including the two casino operators.

On behalf of the CRA Board, I thank all our partners for their immense support, without which we would not have come so far. Having benefited from their resources, from their knowledge, and from learning their best practices, CRA is now armed with practical experience in regulating casinos, and would be in a good position to contribute and bring these relationships to the next level.

Foreword by Chairman

The Year Ahead

It will be another busy year for CRA in providing proper and rigorous oversight to the industry. Both casinos have been in operation for more than a year, and they should have sorted out most of the teething problems in their operations by now, and moved into a steady state. Thus, CRA intends to commence a full scope inspection of the casinos in the months ahead, to ensure that the casino operators and the special employees are complying with the regulatory requirements as provided for in the Casino Control Act.

It would be the first time that CRA is conducting an inspection of this scale and scope, and I can foresee it to be nothing short of challenging. Nevertheless, I am optimistic that CRA is well placed to meet the challenges in the coming year. With guidance from the Board and the continued support of CRA's strategic partners, I look forward to CRA's continued journey in developing pragmatic regulations and strategies in managing the two casinos in Singapore.

Richard Magnus
Chairman

Chief Executive's Message

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"To stay relevant and current in this dynamic environment, it is an imperative and a key priority for CRA to partner and continue to learn from peer regulators in key gaming jurisdictions overseas, enabling us to continually refine our regulatory framework and benchmark it against international best practices."

The Year in Review

It has been a most eventful and fruitful work year for CRA, with much achieved, including several notable milestones.

As we move into the second year since the opening of the two casinos in Singapore, we have been steadfast in monitoring the casino licence holders and their associates for their continued suitability; assessing and approving electronic gaming equipment, game rules, and casino operation-related systems and processes; and licensing the casino employees deployed in gaming-related functions. These essential processes remain at the core of CRA's work in keeping crime out from the casinos and ensuring the integrity of gaming.

CRA takes our role as a regulator very seriously, and we will not hesitate to take the casino operators to task should they be found to be non-compliant. Our constant monitoring and reviewing of the casino operators' systems and processes have ensured that breaches of regulatory requirements were swiftly acted on. In end – December 2010, CRA meted out its first enforcement action against a casino operator, and this was followed by CRA imposing a financial penalty totalling $530,000 against a casino operator for surveillance and entry levy breaches.

Our excellence in operations has been well supported by strong infrastructure, allowing the organisation to be effective as a whole. CRA successfully attained the ISO 9001:2008 certification, indicating that CRA's Info-Communication Technology project management, operational and maintenance policies, processes and procedures have consistently

Chief Executive's Message

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met and are on par with international requirements and standards. This is the first major certification for CRA in our organisation excellence journey, and I am confident that more accreditation milestones are on the way.

As a testimony to our efforts and the commendable results achieved so far, CRA was awarded the Minister for Home Affairs National Day Team Award 2010 for our role in the smooth opening of the two casinos.

Strength Through Collaboration

In line with this year's theme on partnerships, CRA has been engaging actively with our strategic partners.

International Partnerships

The gaming industry is transnational by nature and Singapore's experience is no different. To stay relevant and current in this dynamic environment, it is an imperative and a key priority for CRA to partner and continue to learn from peer regulators in key gaming jurisdictions overseas, enabling us to continually refine our regulatory framework and benchmark it against international best practices.

Having benefited greatly from the community of international regulatory bodies, it is timely for CRA to take these collaborations to the next level. In the next few months, CRA would be signing Memorandums of Understanding (MOU) with the Nevada Gaming Control Board and the Queensland Office of Liquor & Gaming Regulation. These MOUs would pave the way for enhanced collaboration in the field of gaming regulation, and help to cement the close working relationships that CRA has with these two respected gaming regulators.

Whole of Government Cooperation

CRA is cognisant that at the governmental level, safety and security are not the only concerns we have with regard to the casinos. The Integrated Resorts were conceived to strengthen Singapore's appeal as a tourist destination and to bring significant economic benefits for Singapore. The act of balancing these competing demands, without compromising CRA's mission and priorities, is a delicate one. To succeed, we have had to engage very actively on an inter-Ministry and whole-of-government basis.

CRA works closely with the Ministry of Trade and Industry (MTI) and the Singapore Tourism Board (STB), the key economic and tourism government agencies that oversee policies relating to the Integrated Resorts. CRA also engages with the Ministry of Finance (MOF) and the Inland Revenue Authority of Singapore (IRAS) on casino tax matters.

In the area of social safeguards, CRA partners with the Ministry of Community Development, Youth and Sports (MCYS) and the National Council on Problem Gambling (NCPG) to implement key protection measures, such as the entry levy system and exclusion orders to protect vulnerable groups.

Chief Executive's Message

CRA also works closely with the Casino Crime Investigation Branch (CCIB) and the Commercial Affairs Department (CAD) of the Singapore Police Force (SPF), as members of the Home Team.

In particular, CCIB, a division of the Criminal Investigation Department (CID), and CRA have formed a formidable partnership to deter and detect crime and criminals. I value the strong relationship that we have forged and our joint enforcement efforts. In this regard, we plan to hold the second CRA-CID Joint Training Symposium in the next work year. This joint training activity would allow our officers to stay updated on the latest crime trends in the industry, so as to pre-empt any threats that may arise.

Relationship with Academia

CRA has also forged strategic partnerships with the academia to enhance its capabilities. In January 2011, CRA signed a landmark MOU with the National University of Singapore (NUS) Department of Mathematics and Department of Statistics and Applied Probability which allows for joint research in the area of mathematics and its impact on casino gaming. The collaboration will also open up opportunities for students with the relevant background to contribute to the regulation of the casino industry.

Industry Engagement

In developing its regulatory policies, regulations, and technical standards, CRA recognises the need for industry perspectives and hence, actively engages with the various players in the business. In this regard, CRA has taken a consultative approach in engaging the casino operators and other industry players, such as the gaming equipment manufacturers, suppliers and testing laboratories, through various platforms to ensure that its policies are, and continue to be, pragmatic and effective.

On this note, I would like to add that the Accreditation Scheme for Gaming Laboratories which CRA worked on with the Singapore Accreditation Council (SAC) of SPRING Singapore to develop was officially launched on 29 June 2010. Separately, three additional testing laboratories have been added to the ranks of the Singapore Recognised Testing Laboratories (SRTLs). Together, the accreditation programme and the laboratories provide third party assurance that the testing of gaming equipment is carried out professionally and competently.

We have conscientiously forged excellent overseas and local partnerships and enjoyed fruitful engagement in all areas. Our partners, in particular our regulatory counterparts from Nevada, New Jersey, Victoria, New South Wales, Queensland, the UK and Macau, have been generous with their time, knowledge, and resources. My sincere thanks go out to all of them for their strong support and contributions to the CRA.

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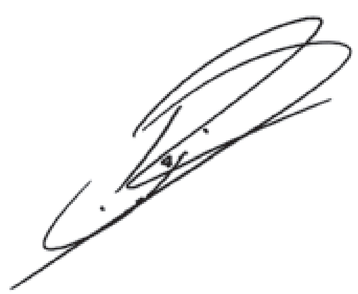
The CRA Team

Underpinned by our officers' strong drive for excellence and spirit of cohesiveness, much has been achieved in the past work year. The CRA team has been tenacious in overcoming challenges and issues and highly capable in providing pragmatic solutions, with the highest level of commitment shown to fulfilling CRA's mission. To all CRA officers, thank you for your tremendous contributions, sacrifices and effort. I am proud to be part of a stellar team!

Our culture of excellence must not be derailed by complacency, and we must therefore, continue to build upon our people and organisational strengths. I am pleased to see the pioneer batch of CRA officers promoted during the past work year. To enhance the career development and management of our valued assets, we introduced a Continuous Education framework in February 2011. This framework includes sponsorship, accreditation subsidies and training incentives. Separately, CRA also emplaced its first Junior Officer, Ms Esther Loh onto the Senior Officer CRX Scheme.

Pressing On

We have made significant progress in our quest to be the referenced casino regulator. As we continue to pursue this aspiration, I hope that our collective learning and rich experience from the previous work year would provide fresh insights and allow us to synergise the knowledge we had gleaned. Let us leverage on our strong foundation, and with renewed passion and vigour, continue our journey towards becoming the referenced regulator and to fully discharge the mission entrusted to us.



T. Raja Kumar
Chief Executive

Board Members

Mr Richard Magnus
Chairman

Mr Chang See Hiang
Senior Partner
Chang See Hiang & Partners

Mr Benedict Cheong
Chief Executive Officer
Temasek Foundation CLG Ltd

Mr Patrick Daniel
Editor-in-Chief
English and Malay Newspapers Division
Singapore Press Holdings

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

Ms Lai Wei Lin
Director (Healthcare Finance)
Ministry of Health

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

Board Members

Mr Liew Heng San

Mr Lim Lee Meng
Senior Partner
Chio Lim Stone Forest

Mr Eric Low
Executive Chairman
Aptitude Management Consulting Pte Ltd

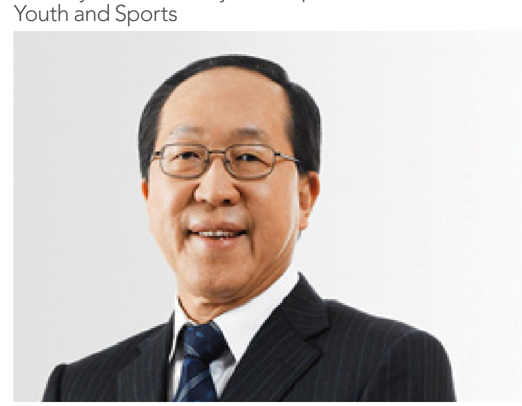
Mr Kaikhushru Shiavax Nargolwala
Non-Executive Chairman
Credit Suisse Asia Pacific

Mr Ng Joo Hee
Commissioner of Police
Singapore Police Force

Ms Ong Toon Hui
Deputy Secretary
Ministry of Community Development, Youth and Sports

Mr Gerald Singham
Partner
Rodyk & Davidson LLP

Mr David Wong
Chairman
Ascendas Funds Management (S) Ltd



Mr Ernest Wong
Member
Temasek Advisory Panel

Former Board Members

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

Ms Chua Sock Koong
Group Chief Executive Officer
SingTel
Member from 2 April 2008 to 1 April 2011

Mr Lim Hock Chuan
Deputy Secretary (Performance)
Ministry of Finance
Member from 2 April 2008 to 1 April 2011

Mr Jeffrey Wong
Director, Defence Finance Organisation
Ministry of Defence
Member from 2 April 2008 to 1 April 2011

Board Committees

The CRA Board advises and provides strategic guidance to the management of CRA to meet its objectives. The CRA Board is assisted by the following committees:

Audit Committee

The Audit Committee reviews and appraises the reports of the external auditors and internal auditors on the adequacy and effectiveness 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.

Disciplinary Committee

The Disciplinary Committee determines disciplinary actions to be meted out to licensed special employees and licensed junket promoters and their representatives. The Committee also makes recommendations to the CRA Board on disciplinary actions against casino operators.

Human Resource & Remuneration Committee

The Human Resource & Remuneration Committee assists the Board in supervising and reviewing the various HR policies, frameworks and systems to ensure its robustness and effectiveness to attract, recruit and retain best suited talents.

Legal and Regulatory Committee

The Legal and Regulatory Committee provides strategic guidance to the CRA Board on the development of CRA's regulatory framework, which includes reviewing of the CRA's regulatory instruments.

Technology Advisory Committee

The Technology Advisory Committee advises and updates the CRA Board in the areas of Gaming Technology regulations, keeping them abreast of the trends and directions in technological development, so that the relevant technical gaming regulations, standards, directives and guidelines remain sufficient and relevant in the fast-moving casino industry. The Committee also advises the CRA Board in the efficient and effective management of the internal Info-Communication Technology planning, developments and operations.

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Senior Management

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1. Mr Ong Chun Kiat
Director – Planning & Policy

2. Ms Yeo Pia Jee
Director – Inspection & Compliance

3. Mr Ee Kiam Keong
Director – Gaming Technology & ICT Systems

4. Ms Leah Yoong
Director – Human Resource

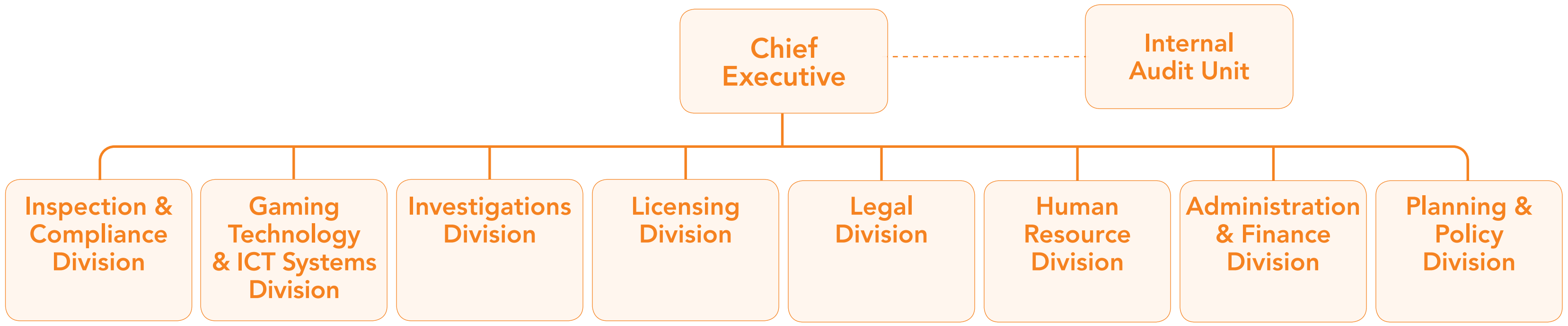
5. Mr Tan Teck Wang
General Counsel – Legal

6. Mr Paramjit Singh
Director – Investigations

7. Mr T. Raja Kumar
Chief Executive

8. Ms Evon Ng
Director – Licensing

Organisation Structure



Inspection & Compliance Division

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

Gaming Technology & ICT Systems Division

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

Investigations Division

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

Licensing Division

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

Legal Division

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

Human Resource Division

The Human Resource Division brings out the best in CRA's talents by harnessing their potential through continuous learning and development and by aligning the career aspirations and growth of the individual with the values of the organisation, to achieve CRA's mission and vision.

Organisation Structure

Administration & Finance Division

The Administration & Finance Division institutes the financial and resource management framework for the safeguarding and stewardship of CRA's assets to ensure that CRA remains a financially stable organisation with strong corporate governance.

Planning & Policy Division

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

Internal Audit Unit

The Internal Audit Unit supports CRA's mission and vision by conducting independent reviews of the adequacy and effectiveness of financial and operational controls. The unit also conducts activities to promote risk management and enhance corporate governance in CRA.

Milestones and Achievements

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CRA Board members, Mr Eric Low, Mr Kaikhushru Shiavax Nargolwala, Mr Gerald Singham, and Mr Chang See Hiang at the CRA Workplan Seminar.

2 Apr 11

Appointment of CRA Board to Second Term of Office

Three years since the formation of CRA, the first term of the CRA Board concluded in April 2011. Several Board members have stepped down because of their other commitments. New members to the Board were appointed and, for continuity, others were re-appointed for a second term on the CRA Board. The Board would continue to give depth and sustainability to the regulatory governance of the two casinos and to ensure their due compliance with the Casino Control Act and the Regulations; and ensure the effectiveness and efficiency of the CRA management.

Milestones and Achievements

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Ms Esther Loh was the first Junior Officer to be emplaced on the Senior Officer CRX Scheme.

1 Mar 11

First Junior Officer Emplaced on Senior Officer CRX Scheme

CRA emplaced its first Junior Officer, Ms Esther Loh, to the Senior Officer CRX Scheme on 1 March 2011. As a progressive employer, CRA values its employees and fully supports its officers' aspirations and career goals.

Milestones and Achievements

Under the Continuous Education framework, Mr James Chan was sponsored for further studies in Australia.

28 Feb 11

Introduction of Continuous Education Framework

A Continuous Education framework, including sponsorship, accreditation subsidies and training incentives was introduced to support the continuous learning and pursuit of professionalism of all CRA officers. Mr James Chan was the first CRX officer sponsored for further studies. James started his Masters in International Studies at The University of Sydney on 28 Feb 2011.

Milestones and Achievements

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Mr Ee Kiam Keong, Director (Gaming Technology and ICT Systems), with some industry players at the Gaming Technology Forum.

20 Jan 11

2nd Gaming Technology Forum

To have an industry perspective, CRA engages regularly with the players in the casino industry. At the annual CRA Gaming Technology Forum, attended by industry players including the gaming equipment manufacturers, suppliers and testing laboratories, discussions are held on the regulation of gaming technology, so that the regulatory policies, control and technical standards continue to be relevant.

Milestones and Achievements

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Mr T. Raja Kumar, Chief Executive, CRA and Prof Andrew Wee, Dean of Science, NUS exchanging the signed MOU.

20 Jan 11

Signing of Memorandum of Understanding (MOU) with National University of Singapore (NUS)

In January 2011, an MOU was signed between CRA and the NUS Department of Mathematics and Department of Statistics and Applied Probability. The MOU establishes a framework for greater collaboration between CRA and NUS in joint research projects on mathematical algorithms used in the gaming industry, especially in the area of gaming integrity. It also allows the CRA to tap on the expert views of mathematics professionals at NUS in areas relating to the specialist field of gaming mathematics. The collaboration will also open up opportunities for students with the relevant background to contribute to the regulation of the casino industry.

Milestones and Achievements

Certificates of Recognition were presented to the three new SRTLs.

Oct – Dec 10

Granting of Singapore Recognised Testing Laboratory (SRTL) Status to Three More Laboratories

SRTLs are authorised by CRA to provide independent testing services for gaming equipment, certifying their compliance against the Singapore Technical Standards issued by CRA before CRA grants the approval for the gaming equipment deployment in the casinos. SRTL status was granted to GLI Europe on 12 Oct 2010, BMM North America on 26 Oct 2010, and BMM Singapore on 27 Dec 2010.

Milestones and Achievements

The Info-Communication Technology team, preparing for the ISO 9001:2008 certification.

18 Aug 10

ISO 9001:2008 Certification

CRA successfully attained the ISO 9001:2008 certification, indicating that CRA's Info-Communication Technology project management, operational and maintenance policies, processes and procedures have consistently met and are on par with international requirements and standards. This contributes to CRA's effectiveness as an organisation.

Milestones and Achievements

IAP members, Mr Peter Dean (UK) and Mr David Ford (Australia) having a discussion during the meeting.

11 – 13 Aug 10

2nd International Advisory Panel (IAP) Meeting

The CRA's IAP consists of former outstanding regulators from respectable international gaming jurisdictions. Given their experience, the IAP members provide invaluable advice to CRA on matters concerning contemporary casinos operations and policies.

Milestones and Achievements

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CRA officers recapped their learning points from the previous year, and shared their work plans for the next one.

16 Jul 10

CRA Workplan Seminar (WPS)

The theme for WPS 2010 was Strengthening Basics, Enhancing Capabilities. Then Minister for Law and Second Minister for Home Affairs, Mr. K. Shanmugam, was the Guest-of-Honour at the event which was attended by more than 150 guests from CRA's strategic partners, both local and international. The WPS allowed CRA officers to consolidate what they had learnt from CRA's work in the previous year, which included facilitating the casino openings, as well as to share their workplans for the year ahead.

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Milestones and Achievements

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Mr Renny Yeo, Chairman of Singapore Accreditation Council, presenting the Certificate of Accreditation to Mr Moosad Sreedharan, Senior Vice President, Technical Compliance Australia Asia – Pacific, BMM Compliance. BMM Compliance Singapore Pte Ltd was the first gaming testing laboratory to be accredited by the SAC.

29 Jun 10

Official Launch of Accreditation Scheme for Gaming Laboratories

CRA worked with the Singapore Accreditation Council (SAC) to launch the Accreditation Programme ISO17025 for Gaming Testing Laboratories. This provides third party assurance that the testing of gaming equipment is carried out by professional and competent laboratories. Gaming equipment used in the casinos in Singapore are tested by laboratories accredited by SAC and provide manufacturers, casino operators, regulators and the public greater confidence in the testing of the gaming equipment.

CRA assisted SAC in co-chairing a Working Group of representatives from gaming testing labs, gaming manufacturers and independent academia, to develop the gaming testing laboratory accreditation programme.

Milestones and Achievements

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CRA Board Member, Ms Chua Sock Koong, presenting certificates of promotion to the promotees.

1 Jun 10

Pioneer Batch of CRA Officers Promoted

As a young regulator, our people have grown together with the organisation. The pioneer batch of officers on CRA schemes of service were promoted in 2010. Recognising the potential in all officers, CRA works to constantly develop our officers so that their careers may mature together with the organisation, growing from strength to strength.

Milestones and Achievements

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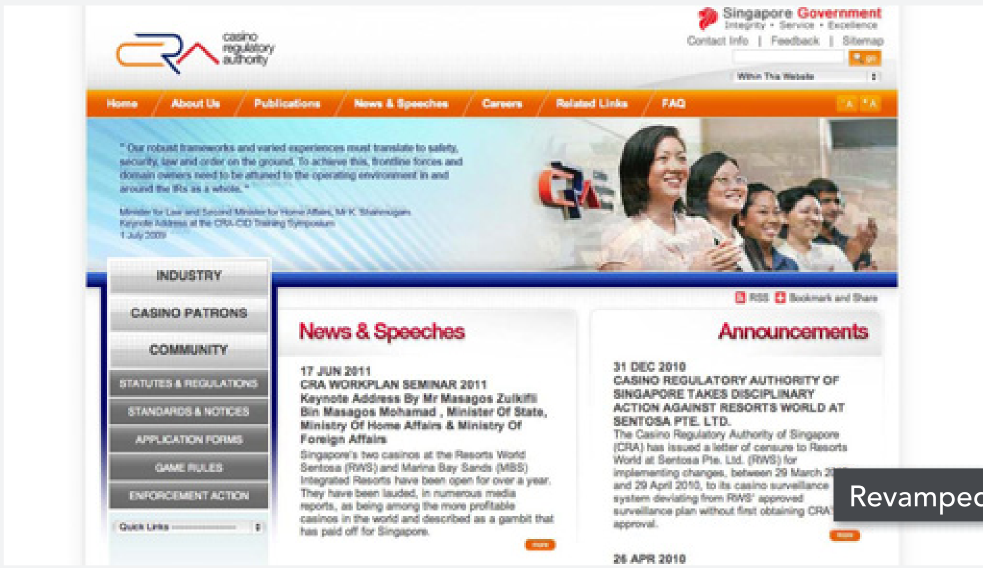

Revamped CRA website.

8 May 10

Launch of Revamped CRA Corporate Website

The CRA website was given a new look and feel, and enhanced to make it more informative and user-friendly. The revamped website groups content and information into easy-to-access categories for the industry, casino patrons, and the community. It also incorporates new media tools such as RSS feeds and social bookmarking tools.

Awards

Minister for Home Affairs National Day Team Award 2010

CRA was awarded the Minister for Home Affairs National Day Team Award 2010 for its involvement in the opening of the two casinos.

Minister for Home Affairs National Day Individual Award 2010

Senior Assistant Director for Investigations, Mr Yeo Yee Chuan, was awarded the Minister for Home Affairs National Day Individual Award 2010 for his significant achievements in formulating CRA's regulatory framework on prevention of money laundering and terrorism financing and licensing of junket promoters' regimes, and leading the probity investigations on the casino licence applications of both casinos.

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Enforcement Action

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Date	Relevant Legislation	Breach & Action Taken By CRA
31 Dec 10	Regulation 7(1) of the Casino Control (Surveillance) Regulations 2009	CRA issued a letter of censure to Resorts World at Sentosa Pte. Ltd. (RWS) for implementing changes, between 29 March 2010 and 29 April 2010, to its casino surveillance system deviating from RWS' approved surveillance plan without first obtaining CRA's approval. RWS, as a casino operator, contravened Regulation 7(1) of the Casino Control (Surveillance) Regulations 2009 (read with regulations 4(2) and 4(3) of the Surveillance Regulations).

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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 5 to 28 are drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 March 2011 and of the results, changes in equity and cash flows of the Authority for the financial year ended 31 March 2011.

On Behalf of the Authority:

Richard Magnus
Chairman

T. Raja Kumar
Chief Executive

Singapore

13 June 2011

Independent Auditors' Report
For the financial year ended 31 March 2011

To Casino Regulatory Authority of Singapore

We have audited the accompanying financial statements of Casino Regulatory Authority of Singapore (the "Authority") set out on pages 5 to 28, which comprise the balance sheet as at 31 March 2011, the comprehensive income and expenditure statement, the statement of changes in equity and cash flow statement of the Authority for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 directors, 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,

(i) the financial statements are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Authority as at 31 March 2011 and of the results, changes in equity and cash flows of the Authority for the year then ended on that date; and

(ii) the accounting and other records, and the registers required by the Act to be kept by the Authority have been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing came to our notice that caused us to believe that the receipt, expenditure and investments of monies and the acquisition and disposal of assets by the Authority during the year have not been in accordance with the provisions of the Act.

Ernst & Young LLP

ERNST & YOUNG LLP

Public Accountants and
Certified Public Accountants
Singapore

13 June 2011

Balance Sheet

As at 31 March 2011

	Note	2010/2011 $	2009/2010 $
Equity			
Capital account	3	36,001,000	36,001,000
Accumulated deficit		(15,300,887)	(22,163,478)
Total equity		20,700,113	13,837,522
Represented by:			
Non-current assets			
Plant and equipment	4	2,764,302	2,788,424
Intangible assets	5	1,015,613	883,165
		3,779,915	3,671,589
Current assets			
Trade and other receivables	6	273,475	231,861
Prepaid operating expenses		436,183	400,783
Deposits		510,234	508,264
Cash and cash equivalents	7	73,322,766	58,230,055
		74,542,658	59,370,963
Total assets		78,322,573	63,042,552
Current liabilities			
Trade and other payables	8	2,668,623	3,144,109
Fees received in advance	9	25,361,460	15,220,839
Prepayment	10	3,672,610	1,950,216
Amount due to parent ministry	11	4,500	–
Provisions	12	760,891	478,632
		32,468,084	20,793,796
Net current assets		42,074,574	38,577,167
Non-current liabilities			
Fees received in advance	9	24,006,849	27,780,822
Provision	12	1,147,527	630,412
		25,154,376	28,411,234
Total liabilities		57,622,460	49,205,030
Net assets		20,700,113	13,837,522

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 2011

	Note	2010/2011 $	2009/2010 $
Income			
License fee		24,321,918	2,219,178
Application fees		1,263,560	2,055,440
Fines		3,500	–
		25,588,978	4,274,618
Expenditure			
Expenditure on Manpower	13	(12,769,636)	(9,497,091)
Staff welfare and development		(388,936)	(458,476)
Rental of premises and others		(1,761,282)	(1,650,382)
Maintenance		(361,518)	(243,426)
Impairment loss on property, plant and equipment		–	(555,283)
Depreciation of plant and equipment	4	(1,056,420)	(888,346)
Amortisation of intangible assets	5	(262,375)	(230,765)
Utilities		(212,172)	(156,438)
Communications		(473,658)	(377,515)
Management and professional services		(1,688,291)	(2,017,483)
Other operating expenses		(960,155)	(619,134)
		(19,934,443)	(16,694,339)
Operating surplus/(deficit)	14	5,654,535	(12,419,721)
Non-operating income	15	1,208,056	52,022
Surplus/(deficit) before statutory contribution to consolidated fund		6,862,591	(12,367,699)
Statutory contribution to consolidated fund	16	–	–
Surplus/(deficit) for the year, representing total comprehensive income for the financial year		6,862,591	(12,367,699)

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 2011

	Note	Capital account $	Accumulated deficit $	Total $
Balance as at 1 April 2009		20,102,365	(9,795,779)	10,306,586
Issue of shares to Minister for Finance	3	15,898,635	–	15,898,635
Deficit for the year, representing total comprehensive expense for the year		–	(12,367,699)	(12,367,699)
Balance as at 31 March 2010		36,001,000	(22,163,478)	13,837,522
Surplus for the year, representing total comprehensive income for the year		–	6,862,591	6,862,591
Balance as at 31 March 2011		36,001,000	(15,300,887)	20,700,113

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

Cash Flow Statement

For the financial year ended 31 March 2011

	Note	2010/2011 $	2009/2010 $
Cash flows from operating activities:			
Surplus/(deficit) before statutory contribution to consolidated fund		6,862,591	(12,367,699)
Adjustments for:			
Depreciation of plant and equipment	4	1,056,420	888,346
Impairment loss on plant and equipment		–	555,283
Amortisation of intangible assets	5	262,375	230,765
Provision for unutilised leave		50,171	190,983
Provision for retention bonus	12	453,070	452,970
Compensation income	15	(762,917)	–
Interest income from short term deposits	15	(440,642)	(44,429)
Plant and equipment expensed off	14	363,220	149,507
Plant and equipment written off		11,428	–
Surplus/(deficit) before working capital changes		7,855,716	(9,944,274)
Operating cash flows before working capital changes:			
Increase in trade and other receivables		(41,614)	(231,571)
Increase in prepaid operating expenses	A	(35,400)	(354,782)
Increase in deposits		(1,970)	(5,840)
(Decrease)/increase in trade and other payables		(497,086)	2,823,198
Increase in prepayment		1,722,394	1,500,216
Increase/(decrease) in amount due to parent ministry		4,500	(343,096)
Increase in fees received in advance		6,366,648	43,001,661
Cash flows from operations		15,373,188	36,445,512
Interest received		440,642	44,629
Net cash flows from operating activities		15,813,830	36,489,941
Cash flows from investing activities:			
Purchase of plant and equipment	B	(347,896)	(518,492)
Purchase of intangibles		(373,223)	(110,580)
Proceeds from sales of plant and equipment		–	351,428
Net cash flows used in investing activities		(721,119)	(227,644)
Cash flows from financing activity:			
Proceeds from issue of shares to Minister for Finance	3	–	15,898,635
Net cash flows from financing activity		–	15,898,635
Net increase in cash and cash equivalents		15,092,711	52,110,932
Cash and cash equivalents at beginning of the year		58,230,055	6,119,123
Cash and cash equivalents at end of the year	7	73,322,766	58,230,055

Cash Flow Statement
For the financial year ended 31 March 2011

Notes to the consolidated statement of cash flows

A. Increase in prepaid operating expenses

Included in the increase in prepaid operating expenses is $nil (2009/2010: $351,279) receivable from a third party vendor for the disposal of the furniture, fittings, tools and equipments under the ("SOEasy") arrangement as disclosed in Note 17(b). The receivable will be offset against future subscription for the use of computer equipment and its related services provided by a third party vendor.

B. Plant and equipment

Purchase of plant and equipment excludes provision for reinstatement costs of $296,133 (2009/2010: $nil) which is to be incurred upon expiration of the office lease and includes plant and equipment expensed off (Note 14).

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

Notes to the Financial Statements

31 March 2011

1. General

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

The Authority has its registered office at 460 Alexandra Road, PSA Building, #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 2011, have been drawn up in accordance with the provisions of the Act and the Statutory Board Financial Reporting Standards ("SB-FRS").

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

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

2.2 *Changes in accounting policies*

The 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 standards and Interpretations of SB-FRS (INT SB-FRS) that are effective for annual periods beginning on or after 1 April 2010.

The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Authority.

Notes to the Financial Statements

31 March 2011

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

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

Description	Effective for annual periods beginning on or after
SB-FRS 24 Related Party Disclosures	1 January 2011
Amendments to SB-FRS 108 (2010) Operating Segments	1 January 2011
Improvements to SB-FRSs issued in 2009:	
– INT SB-FRS 119 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
– INT SB-FRS 114 Amendments to INT SB-FRS 114 Prepayments of a Minimum Funding Requirement	1 January 2011
Improvements to SB-FRSs issued in 2010:	
– SB-FRS 101 First time adoption of Statutory and Financial Reporting Standards	1 January 2011
– SB-FRS 103 Business Combinations	1 July 2010
– SB-FRS 107 Financial Instruments: Disclosures	1 January 2011
– SB-FRS 1 Presentation of Financial Statements	1 January 2011
– Transition requirements for amendments arising as a result of SB-FRS 27 Consolidated and Separate Financial Statements	1 July 2010
– SB-FRS 34 Interim Financial Reporting	1 January 2011
– INT SB-FRS 113 Customer Loyalty	1 January 2011

The Authority expects that the adoption of the above pronouncements will not have a significant impact on the financial statements in the period of initial application.

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

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

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of plant and equipment and intangible assets

The cost of plant and equipment and intangible assets for the operations of the Authority is depreciated and amortised on a straight-line basis over the useful lives. Management estimates the useful lives of these plant and equipment and intangibles to be within 3 to 10 years and within 3 to 5 years respectively. These are common life expectancies applied to these plant and equipment and intangible assets. The carrying amount of the Authority's plant and equipment and intangible assets at 31 March 2011 was $2,764,302 and $1,015,613 (2009/2010: $2,788,424 and $883,165) 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

31 March 2011

Impairment of non-financial assets

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

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

Impairment of loans and receivables

The Authority assesses at 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 balance sheet date is disclosed in Note 19 to the financial statements.

2.5 *Functional and foreign currency*

Foreign currency transactions

Transactions in foreign currencies are measured in SGD, the functional currency of the Authority and are recorded on initial recognition in SGD at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the comprehensive income and expenditure statement.

2.6 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Such 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.

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

Plant and equipment costing less than $2,000 each, are charged to the comprehensive income and expenditure statement in the year of purchase as plant and equipment expensed off disclosed in Note 14.

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 premises lease period of 2 to 4 years
Furniture, fittings, tools & equipments	–	3 to 8 years
Heritage	–	No depreciation

Notes to the Financial Statements
31 March 2011

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

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the comprehensive income and expenditure statement in the year the asset is derecognised.

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

2.7 *Intangible assets*

Intangible assets acquired, which comprise computer software development costs, are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

Amortisation of intangibles is calculated on the straight-line method to write-off the costs over their estimated useful lives of 3 to 5 years. The amortisation expense on intangible assets is recognised in the comprehensive income and expenditure statement through the 'amortisation of intangible assets' line item.

The carrying value of intangibles is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2.8 *Impairment of non-financial assets*

The Authority assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Authority makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

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

Notes to the Financial Statements

31 March 2011

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

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

Subsequent measurement

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

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

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

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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 directly in other comprehensive income is recognised in comprehensive income and expenditure statement.

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

Notes to the Financial Statements

31 March 2011

2.10 ***Cash and cash equivalents***

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

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

2.11 ***Trade and other receivables***

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

An allowance is made for uncollectible amounts when there is objective evidence that the Authority will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.12 below.

2.12 ***Impairment of financial assets***

The Authority assesses at the end of each 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 individually 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 been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If a loan has 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 amount of the loss is recognised in the comprehensive income and expenditure statement.

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the comprehensive income and expenditure statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Notes to the Financial Statements

31 March 2011

2.13 ***Financial liabilities***

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus 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 as at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Authority that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

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

Other financial liabilities

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition 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) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted to its net present value.

Notes to the Financial Statements

31 March 2011

2.15 *Employee benefits*

(a) Defined contribution plans

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

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of the reporting period.

(c) Retention bonus

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

2.16 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 *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.

Notes to the Financial Statements

31 March 2011

2.18 ***Income recognition***

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

Income is recognised as follows:

(a) *Casino licence fees*

Licence fees are recognised 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 or accrued as income if the fine is paid on an installment plan.

(d) *Interest income*

Interest income is recognised on accrual basis.

2.19 ***Sales tax***

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

(a) Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(b) Receivables and payables that are stated with the amount of sales tax included.

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

2.20 ***Capital***

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

Notes to the Financial Statements

31 March 2011

3. Capital account

	2010/2011		2009/2010	
	Number of shares	$	Number of shares	$
Issued and paid up:				
At 1 April	36,001,000	36,001,000	20,102,365	20,102,365
Issued during the year	–	–	15,898,635	15,898,635
At 31 March	36,001,000	36,001,000	36,001,000	36,001,000

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

Notes to the Financial Statements

31 March 2011

4. Plant and equipment

	Plant and machinery $	Renovation $	Furniture, fittings, tools and equipments $	Heritage $	Total $
Cost:					
At 1 April 2009	619,636	1,174,941	3,179,709	130,964	5,105,250
Additions	–	50,512	318,473	–	368,985
Disposals	–	–	(509,333)	–	(509,333)
At 31 March 2010	619,636	1,225,453	2,988,849	130,964	4,964,902
Additions	43,792	855,193	144,741	–	1,043,726
Write-off	(128,512)	(561,333)	(153,256)	–	(843,101)
At 31 March 2011	534,916	1,519,313	2,980,334	130,964	5,165,527
Accumulated depreciation and impairment loss:					
At 1 April 2009	61,532	198,581	630,641	–	890,754
Depreciation for the year	62,476	202,467	623,403	–	888,346
Impairment loss	100,433	355,774	99,076	–	555,283
Disposals	–	–	(157,905)	–	(157,905)
At 31 March 2010	224,441	756,822	1,195,215	–	2,176,478
Depreciation for the year	61,860	374,103	620,457	–	1,056,420
Write-off	(128,512)	(561,333)	(141,828)	–	(831,673)
At 31 March 2011	157,789	569,592	1,673,844	–	2,401,225
Carrying amount:					
At 31 March 2011	377,127	949,721	1,306,490	130,964	2,764,302
At 31 March 2010	395,195	468,631	1,793,634	130,964	2,788,424

With the development of PSA Building by the landlord, the Authority has vacated from one of the premises to a different level offered by the landlord within the same building during the year. The Authority has since written off the plant and equipment with a net book value amounting to $11,428 (2009/2010: nil) after an impairment loss of $555,283 made in the previous financial year.

During the year, the Authority has acquired the plant and equipment for the new unit at a cost of $762,917 which was paid by the landlord and transferred to the Authority under the lease agreement entered for the new unit. These additions are borne by the landlord, and have been recognised as compensation income in the comprehensive income and expenditure statement (Note 15).

Notes to the Financial Statements

31 March 2011

5. Intangible assets

	Computer software $	Work-in-Progress $	Total $
Cost:			
At 1 April 2009	1,105,564	–	1,105,564
Additions	110,580	–	110,580
At 31 March 2010	1,216,144	–	1,216,144
Additions	244,200	150,623	394,823
At 31 March 2011	1,460,344	150,623	1,610,967
Accumulated amortisation:			
At 1 April 2009	102,214	–	102,214
Amortisation for the year	230,765	–	230,765
At 31 March 2010	332,979	–	332,979
Amortisation for the year	262,375	–	262,375
At 31 March 2011	595,354	–	595,354
Carrying amount:			
At 31 March 2011	864,990	150,623	1,015,613
At 31 March 2010	883,165	–	883,165

6. Trade and other receivables

	2010/2011 $	2009/2010 $
Trade receivables	–	2,280
Interest receivable	267,841	42,922
Other receivables		
- Estimated costs of investigation	–	186,659
- Others	5,634	–
	273,475	231,861

The estimated costs of investigation accrued were fully repaid by the applicants during the current financial year.

Notes to the Financial Statements

31 March 2011

7. Cash and cash equivalents

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

	2010/2011 $	2009/2010 $
Cash maintained with Accountant-General's Department ("AGD")	73,322,766	58,230,055

Included in the cash and cash equivalents are:

(i) an amount of $231,539 (2009/2010: $965,586) which does not earn any interest.

(ii) the remaining balance of $73,091,227 (2009/2010: $57,264,469) is managed under the Centralised Liquidity Management ("CLM") scheme as set out in the Accountant-General's Circular's No. 4/2009. These are short term deposits earning interest ranging from 0.44% to 0.67% (2009/2010: 0.38% to 0.44%) per annum.

8. Trade and other payables

	2010/2011 $	2009/2010 $
Trade payables	576,586	324,929
Other payables	62,094	200,689
Accrued operating expenses	2,029,943	2,618,491
	2,668,623	3,144,109

Trade payables and other payables are non-interest bearing. Trade payables are normally settled on a 30-days term.

9. Fees received in advance

	Current $	Non-current $	Total $
2010/2011			
Application fees	361,460	–	361,460
Casino license fees	25,000,000	24,006,849	49,006,849
	25,361,460	24,006,849	49,368,309
2009/2010			
Application fees	220,839	–	220,839
Casino license fees	15,000,000	27,780,822	42,780,822
	15,220,839	27,780,822	43,001,661

Notes to the Financial Statements

31 March 2011

10. Prepayment

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

11. Amount due to parent ministry

Amount due to parent ministry is unsecured, non-interest bearing and is repayable in cash on demand.

12. Provisions

	Current $	Non-current $	Total $
2010/2011			
Financial liabilities:			
Provision for retention bonus	232,088	851,394	1,083,482
Non-financial liabilities:			
Provision for unutilised leave	528,803	–	528,803
Provision for reinstatement cost	–	296,133	296,133
	760,891	1,147,527	1,908,418
2009/2010			
Financial liabilities:			
Provision for retention bonus	–	630,412	630,412
Non-financial liabilities:			
Provision for unutilised leave	478,632	–	478,632
	478,632	630,412	1,109,044

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

	2010/2011 $	2009/2010 $
At 1 April	630,412	177,442
Provision for the financial year	453,070	452,970
At 31 March	1,083,482	630,412

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 balance sheet date.

Notes to the Financial Statements

31 March 2011

13. Expenditure on manpower

	2010/2011 $	2009/2010 $
Employee benefits expense (including key management personnel):		
Salaries, allowances and bonuses	11,130,798	8,014,243
Defined contribution plans	1,543,990	1,214,493
Other employee benefits	94,848	268,355
	12,769,636	9,497,091
Compensation of key management personnel		
Salaries, bonuses and others	2,350,914	1,718,091
Defined contribution plans	207,331	162,025
Total compensation paid to key management personnel	2,558,245	1,880,116

Key management refers to employees designated as Directors and above who have the authority and responsibility for planning, directing and controlling the activities of the Authority.

14. Operating surplus/(deficit)

The following item has been included in arriving at operating surplus/(deficit) before statutory contribution to consolidated funds:

	2010/2011 $	2009/2010 $
Plant and equipment expensed off	363,220	149,507
Goods and Services Tax expensed off	376,491	312,942

15. Non-operating income

	2010/2011 $	2009/2010 $
Interest income from short term dpeosits	440,642	44,429
Compensation income (Note 4)	762,917	–
Others	4,497	7,593
	1,208,056	52,022

Notes to the Financial Statements

31 March 2011

16. 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 in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A) and in accordance with the Finance Circular Minute No M5/2005.

There is no contribution for the current financial year as the deficit amount from previous years has been set-off against the current year surplus.

17. Commitments

(a) ***Capital commitments***

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

	2010/2011 $	2009/2010 $
Capital commitments in respect of plant and equipment including intangible assets	1,710,031	28,500

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

The Authority has entered into operating leases for rental of premises. The non-cancellable leases have tenures of 6 years. Operating lease payments recognised in the comprehensive income and expenditure statement during the year amounted to $1,685,873 (2009/2010: $1,464,596).

In addition to the above, the Authority obtains the use of computing equipment and related services under an agreement for a Standard Infocomm Technology Operating Environment ("SOEasy") arrangement, which was entered into between the government and a third party vendor. The Authority pays a monthly subscription for the use of those equipment and its related services. For the financial year ended 31 March 2011, the Authority made service payments amounting to $2,835 (2009/2010: $4,788) under this arrangement.

Future minimum lease payments payable under these operating leases as at 31 March 2011 are as follows:

	2010/2011 $	2009/2010 $
Not later than one year	1,743,833	1,690,012
Later than one year but not later than five years	3,425,621	5,209,055
	5,169,454	6,899,067

Notes to the Financial Statements

31 March 2011

18. Financial risk management objectives and policies

The Authority's principal financial instruments comprise of cash and deposits. The main purpose of these financial instruments is to finance the Authority's operations. The Authority has various other financial assets and liabilities such as trade and other receivables, and trade and other payables and accruals which arise directly from its operations. The Authority does not hold or issue derivative financial instruments for trading purposes.

The main risks arising from the Authority's financial instruments are credit risk and liquidity risk. The Authority reviews and agrees on the policies for managing each of these risks and they are summarised below.

(a) Credit risk

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

	On demand or within 1 year $	Between 2 to 5 years $	Total $
2010/2011			
Trade and other payables	2,668,623	–	2,668,623
Amount due to parent ministry	4,500	–	4,500
Provision for retention bonus	240,367	1,231,347	1,471,714
	2,913,490	1,231,347	4,144,837
2009/2010			
Trade and other payables	3,144,109	–	3,144,109
Provision for retention bonus	–	686,558	686,558
	3,144,109	686,558	3,830,667

Notes to the Financial Statements
31 March 2011

19. Fair value of financial instruments

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

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

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

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

Provision for retention bonus

The carrying amount approximates fair value as the expected future 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:

	2010/2011 $	2009/2010 $
Loans and receivables		
Trade and other receivables	273,475	231,861
Deposits	510,234	508,264
Cash and cash equivalents	73,322,766	58,230,055
	74,106,475	58,970,180
Financial liabilities at amortised cost		
Trade and other payables	2,668,623	3,144,109
Amount due to parent ministry	4,500	–
Provision for retention bonus	1,083,482	630,412
	3,756,605	3,774,521

20. Capital management

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

Notes to the Financial Statements

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21. Comparative information

The following comparative figures have been reclassified to provide a meaningful comparison with the current year's presentation, to better reflect the characteristics of the liabilities. The balance sheet have not been presented to the beginning of the earliest comparative period in accordance to SB-FRS 1 Presentation of Financial Statements paragraph 10(f), as the reclassification is not considered material to the overall fair presentation of the financial statements.

	2009/2010 (As currently reported) $	2009/2010 (As previously reported) $
Current liabilities:		
Trade and other payables	3,144,109	3,622,741
Provisions	478,632	–
	3,622,741	3,622,741

22. Events occurring subsequent to balance sheet date

On 18 May 2011, the Authority has imposed financial penalties totalling $530,000 on Resorts World at Sentosa Pte. Ltd. (RWS) for four breaches of the Casino Control Act and its regulations. The financial penalties have been received by the Authority on 27 May 2011.

23. Authorisation of financial statements

The financial statements of the Authority for the year ended 31 March 2011 were authorised for issue by the members of its Board on 13 June 2011.

casino
regulatory
authority

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