FINANCIAL STATEMENTS

Singapore Totalisator Board

Annual Report 2021/2022

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

ANNUAL FINANCIAL STATEMENTS 31 MARCH 2022

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

STATEMENT BY THE SINGAPORE TOTALISATOR BOARD

In our opinion:

(a) the accompanying financial statements of the Singapore Totalisator Board ("Tote Board" or the "Board") and its subsidiaries (the "Group") as set out on pages FS1 to FS48 are drawn up in accordance with the provisions of Public Sector (Governance) Act 2018 (the "Public Sector (Governance) Act"), the Singapore Totalisator Board Act 1987 and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group and Board as at 31 March 2022, and the results and changes in capital and reserves of the Group and Board and cash flows of the Group for the year ended on that date;

(b) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Board during the year are, in all material respects, in accordance with the provisions of the Public Sector (Governance) Act, the Singapore Totalisator Board Act 1987 and the requirements of any other written law applicable to moneys of or managed by the Board;

(c) proper accounting and other records have been kept, including records of all assets of the Board whether purchased, donated or otherwise;

(d) proper accounting records and other records of those subsidiaries incorporated in Singapore have been kept with the provisions of Companies Act 1967.

The Board Members of Tote Board have, on the date of this statement, authorised these financial statements for issue.

On behalf of the Singapore Totalisator Board

Mildred Tan
Chairman

Fong Yong Kian
Chief Executive

15 July 2022

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT

Member of the Board
Singapore Totalisator Board and its subsidiaries

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Singapore Totalisator Board (the "Board") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and statement of financial position of the Board as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in capital and reserves, the consolidated statement of cash flows of the Group and the statement of profit or loss and other comprehensive income, statement of changes in capital and reserves of the Board for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS48.

In our opinion, the accompanying consolidated financial statements of the Group and statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in capital and reserves of the Board are properly drawn up in accordance with the provisions of Public Sector (Governance) Act 2018 (the "Public Sector (Governance) Act"), the Singapore Totalisator Board Act 1987 and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group and Board as at 31 March 2022 and the results and changes in capital and reserves of the Group and of the Board and cash flows of the Group for the year 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 '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group 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.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT

Other information

Management is responsible for the other information. The other information obtained at the date of this auditors' report is the Statement by the Singapore Totalisator Board, as set out on page 1, but does not include the financial statements and our auditors' 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, 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 and fair presentation of the financial statements in accordance with the provisions of the Public Sector (Governance) Act and Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its constitutional act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Group'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 Group or for the Group to cease operations.

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

Auditors' 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 auditors' 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.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT

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 controls.

- Obtain an understanding of internal controls 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 Group's internal controls.

- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 controls that we identify during our audit.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT

Report on other legal and regulatory requirements

In our opinion:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Board during the year are, in all material respects, in accordance with the provisions of the Public Sector (Governance) Act, the Singapore Totalisator Board Act 1987 and the requirements of any other written law applicable to moneys of or managed by the Board;

(b) proper accounting and other records have been kept, including records of all assets of the Board whether purchased, donated or otherwise; and

(c) proper accounting records and other records of those subsidiaries incorporated in Singapore of which we are the auditors have been kept with the provisions of Companies Act 1967.

Basis for opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the compliance audit'* section of our report. We are independent of the Board 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 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 on management's compliance.

Responsibilities of management for compliance with legal and regulatory requirements

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 Public Sector (Governance) Act, the Singapore Totalisator Board Act 1987 and the requirements of any other written law applicable to moneys of or managed by the Board. This responsibility includes monitoring related compliance requirements relevant to the Board, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT

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 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 Public Sector (Governance) Act 2018, the Singapore Totalisator Board Act 1987 and the requirements of any other written law applicable to moneys of or managed by the Board.

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
15 July 2022

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2022

		Group		Board	
	Note	2022	2021	2022	2021
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	4	425,418	446,920	247,886	269,494
Right-of-use assets	5	64,742	60,041	2,696	928
Intangible assets	6	86,204	87,654	916	–
Investment in subsidiaries	7	–	–	169,569	169,569
Club memberships	8	374	379	24	29
		576,738	594,994	421,091	440,020
Current assets					
Financial assets at fair value through profit or loss	9	3,990,193	4,229,579	3,990,193	4,229,579
Trade and other receivables	10	57,655	76,954	60,509	28,836
Cash and cash equivalents	11	1,209,581	988,058	780,394	632,937
		5,257,429	5,294,591	4,831,096	4,891,352
Total assets		5,834,167	5,889,585	5,252,187	5,331,372
Capital and reserves and liabilities					
Capital account	12	295,075	295,075	295,075	295,075
Accumulated surpluses		4,951,930	4,904,867	4,750,534	4,750,574
Total capital and reserves		5,247,005	5,199,942	5,045,609	5,045,649
Non-current liabilities					
Deferred tax liabilities	13	7,881	6,851	–	–
Deferred capital grants	14	146,758	156,955	146,758	156,955
Provision for restoration costs	15	7,951	7,223	–	–
Lease liabilities	22	47,618	42,939	1,727	15
		210,208	213,968	148,485	156,970
Current liabilities					
Government grants received in advance	16	31,921	35,905	31,921	35,905
Trade payables		106,700	101,720	3,742	4,767
Other payables and accruals	17	209,592	252,760	21,536	22,222
Provision for restoration costs	15	899	432	–	–
Current tax payable		11,461	3,591	–	–
Provision for contribution to Consolidated Fund	18	–	64,929	–	64,929
Lease liabilities	22	16,381	16,338	894	930
		376,954	475,675	58,093	128,753
Total liabilities		587,162	689,643	206,578	285,723
Total capital and reserves and liabilities		5,834,167	5,889,585	5,252,187	5,331,372

The accompanying notes form an integral part of these financial statements.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2022

		Group		Board	
	Note	2022 $'000	2021 $'000	2022 $'000	2022 $'000
Income from betting and gaming activities	19	749,737	512,317	791,903	544,995
Other operating income	19	48,013	52,705	46,545	39,565
Total operating income		797,750	565,022	838,448	584,560
Staff costs	19	(138,417)	(128,643)	(42,743)	(40,754)
Racing and related expenses	19	(52,751)	(44,521)	(32,436)	(32,636)
Depreciation of property, plant and equipment	4	(39,557)	(39,638)	(24,555)	(26,109)
Depreciation of right-of-use assets	5	(19,089)	(20,015)	(976)	(913)
General administrative expenses		(32,359)	(40,365)	(5,022)	(17,238)
Office and property related expenses		(19,254)	(14,585)	(13,538)	(12,953)
Upkeep of property, plant and equipment		(19,726)	(17,677)	(10,014)	(7,892)
Information technology expenses		(34,190)	(27,050)	(12,612)	(10,640)
Amortisation of intangible assets	6	(13,552)	(14,356)	(291)	(20)
Agency fees	23	–	–	(328,246)	(163,764)
Reimbursement of horse racing wagering operation	23	–	–	–	(73,200)
Total operating expenditure		(368,895)	(346,850)	(470,433)	(386,119)
Total operating surplus		428,855	218,172	368,015	198,441
Non-operating income/(expenditure)					
Finance (costs)/income, net	20	(39,586)	596,299	(39,591)	596,320
Casino entry levy		125,466	114,073	125,466	114,073
Allowance for impairment loss of club memberships	8	(5)	–	(5)	–
Amortisation of deferred capital grants	14	10,197	10,416	10,197	10,416
Loss on disposal of property, plant and equipment		(447)	(237)	(369)	(254)
Loss on disposal of intangible assets		(111)	–	–	–
Rental and other income		677	339	–	–
Interest expense – Right-of- use assets	22	(960)	(1,232)	(9)	(26)
Others		360	(3)	364	–
Total non-operating surplus		95,591	719,655	96,053	720,529

The accompanying notes form an integral part of these financial statements.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)
YEAR ENDED 31 MARCH 2022

		Group		Board	
	Note	2022 $'000	2021 $'000	2022 $'000	2022 $'000
Total surplus		524,446	937,827	464,068	918,970
Grant disbursements		(464,141)	(426,465)	(464,108)	(426,428)
Surplus/(deficit) before tax and contribution to Consolidated Fund		60,305	511,362	(40)	492,542
Tax expense	21	(13,242)	(2,752)	–	–
Surplus/(deficit) before contribution to Consolidated Fund		47,063	508,610	(40)	492,542
Contribution to Consolidated Fund	18	–	(64,929)	–	(64,929)
Surplus/(deficit) for the year, representing total comprehensive surplus/(deficit) for the year		47,063	443,681	(40)	427,613

The accompanying notes form an integral part of these financial statements.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN CAPITAL AND RESERVES
YEAR ENDED 31 MARCH 2022

	Capital account $'000	Accumulated surpluses $'000	Total $'000
Group			
At 1 April 2020	295,075	4,461,186	4,756,261
Total comprehensive surplus for the year	–	443,681	443,681
At 31 March 2021	295,075	4,904,867	5,199,942
Total comprehensive surplus for the year	–	47,063	47,063
At 31 March 2022	295,075	4,951,930	5,247,005
Board			
At 1 April 2020	295,075	4,322,961	4,618,036
Total comprehensive surplus for the year	–	427,613	427,613
At 31 March 2021	295,075	4,750,574	5,045,649
Total comprehensive deficit for the year	–	(40)	(40)
At 31 March 2022	295,075	4,750,534	5,045,609

The accompanying notes form an integral part of these financial statements.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2022

	Note	Group 2022 $'000	Group 2021 $'000
Cash flows from operating activities			
Surplus before tax and contribution to Consolidated Fund		60,305	511,362
Adjustments for:			
Allowance for impairment of club memberships	8	5	–
Amortisation of deferred capital grants	14	(10,197)	(10,416)
Amortisation of intangible assets	6	13,552	14,356
Depreciation of property, plant and equipment	4	39,557	39,638
Depreciation of right-of-use assets	5	19,089	20,015
Grant disbursements		464,141	426,465
Finance costs/(income), net	20	39,586	(596,299)
Interest expense – right-of-use assets	22	960	1,232
Gain on de-recognition of lease		–	(1)
Loss on disposal of property, plant and equipment		447	237
Loss on disposal of intangible assets		111	–
Adjustments to property, plant and equipment and intangible assets		2,189	–
Operating profit before movements in working capital		629,745	406,589
Trade receivables		(1,998)	(14,818)
Deposits, prepayments and other receivables		20,935	(12,480)
Trade payables		4,731	16,194
Other payables and accruals		(42,864)	55,264
Grants received in advance		(3,984)	35,863
Cash generated from operations		606,565	486,612
Grants disbursed		(464,141)	(426,465)
Contribution to Consolidated Fund		(64,929)	–
Income taxes paid, net		(4,342)	(3,539)
Net cash generated from operating activities		73,153	56,608
Cash flows from investing activities			
Redemption/(Subscription) of financial assets at fair value through profit or loss, net		187,570	(287,968)
Acquisition of property, plant and equipment	A	(33,260)	(26,463)
Proceeds from disposal of property, plant and equipment		34	56
Interest received	B	3,506	18,665
Dividend received		3,078	8,998
Investment management fee rebate received	C	6,257	4,517
Net cash generated from/(used in) investing activities		167,185	(282,195)

The accompanying notes form an integral part of these financial statements.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)
YEAR ENDED 31 MARCH 2022

		Group	
	Note	2022	2021
		$'000	$'000
Cash flows from financing activity			
Repayment of lease liabilities		(18,815)	(17,133)
Net cash used in financing activity		(18,815)	(17,133)
Net increase/(decrease) in cash and cash equivalents		221,523	(242,720)
Cash and cash equivalents at beginning of the year		988,058	1,230,778
Cash and cash equivalents at end of the year	11	1,209,581	988,058

Note:

A. During the year, the Group acquired property, plant and equipment with an aggregate cost of $32,938,000 (2021: $25,290,000) of which $1,928,000 (2021: $2,250,000) relates to accruals.

B. During the year, the Group recognised interest income of $3,213,000 (2021: $8,232,000) of which $1,563,000 (2021: $1,856,000) is not yet received and recorded as interest receivable.

C. During the year, the Group recognised investment management fee rebate income of $6,188,000 (2021: $4,904,000) of which $1,270,000 (2021: $1,339,000) is not yet received and recorded as investment management fee rebate receivable.

The accompanying notes form an integral part of these financial statements.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

These notes form an integral part of the financial statements.

The financial statements of the Group and Board were authorised for issue by the Board Members of Tote Board on 15 July 2022.

1 Domicile and activities

Singapore Totalisator Board ("Tote Board") was established on 1 January 1988 in the Republic of Singapore under the Singapore Totalisator Board Act (Chapter 305A, 2012 Revised Edition). The office of Tote Board is located at 210 Middle Road, #06-01, Singapore 188994.

As a statutory board, Tote Board is subject to the directions of the Ministry of Finance (the "Ministry") and is required to implement policies and policy changes as determined by the Ministry. The principal activities of Tote Board are those relating to operating totalisators, lotteries and other betting and gaming activities, conducting equine research and carrying on other activities for the improvement of racing generally. These activities are carried out by Tote Board's two agents, the Singapore Turf Club (proprietary club of Tote Board) and Singapore Pools (Private) Limited (subsidiary of Tote Board). On 7 January 2019, Singapore Pools (Private) Limited took over the management and operations of horse betting from Singapore Turf Club.

The principal activities of Tote Board's subsidiaries are set out in Note 7.

The financial statements of Tote Board, Singapore Turf Club and the agency operations managed by Singapore Pools (Private) Limited are collectively disclosed and referred to as the "Board".

The consolidated financial statements relate to the Board and its subsidiaries (together referred to as the "Group").

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of Public Sector (Governance) Act and the Statutory Board Financial Reporting Standards ("SB-FRS"). SB-FRSs includes Statutory Board Financial Reporting Standards, Interpretations of SB-FRS and SB-FRS Guidance Notes as promulgated by the Accountant-General's Department. The changes to significant accounting policies are described in Note 2.5.

For the purpose of the audit of Tote Board's compliance with Public Sector (Governance) Act in connection with the receipts, expenditure, investment of moneys and the acquisition and disposal of assets in accordance with Audit Guidance Statement 9 ("AGS 9"), the Singapore Turf Club and the agency operations managed by Singapore Pools (Private) Limited are not within the reporting scope of AGS 9.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value as stated in the respective accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Group's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with SB-FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Each entity within the Group has a finance team with responsibility for all significant fair value measurements, and reports directly to the respective management team of each entity.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1* : quoted prices (unadjusted) in active markets for identical assets or liabilities.

- *Level 2* : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- *Level 3* : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

Further information about the assumptions made in measuring fair values is included in Note 26 – Classification and fair value of financial instruments.

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SB-FRS, INT SB-FRS, amendments to and interpretations of SB-FRS for the first time for the annual period beginning on 1 April 2021:

- *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to SB-FRS 116)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to SB-FRS 109, SB-FRS 39 and SB-FRS 107, SB-FRS 104 and SB-FRS 116)*

The application of these amendments to standards and interpretations did not have a material effect on the Group's consolidated financial statements and the Board's statement of financial position.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements by the Group entities, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and asset meets the definition of a business and control is transferred to the Group (see note ii). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activates acquired includes, at minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any NCI in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess in negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Board. The Board controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iv) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Board's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

3.3 Financial instruments

(i) Recognition and initial measurement

Financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

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A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

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Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short-term bank deposits and cash with the Accountant-General's Department that are subject to an insignificant risk of changes in value and are readily convertible to a known amount of cash.

3.4 Impairment

(i) Financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

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At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

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Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss recognised for goodwill is not reversed in a subsequent period. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.5 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses. The value of leasehold land includes the leasehold land situated at Kranji which was ascribed the same value as that of the freehold land situated at Bukit Timah given up in 1999 during a land exchange.

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Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- The cost of materials and direct labour;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- When the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Capital work-in-progress is stated at cost, which consists of construction costs incurred during the period of construction, less accumulated impairment losses. No depreciation is provided on capital work-in-progress until the construction is completed and the properties and assets are ready for use.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Leasehold land	-	20 to 99 years
Buildings	-	11 to 74 years
Computer and betting equipment	-	3 to 5 years
Audio visual, laboratory, cooling and other equipment/systems	-	5 to 15 years
Other assets (comprise of furniture & fittings, renovations, motor vehicles and track maintenance equipment and others)	-	3 to 10 years

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Fully depreciated property, plant and equipment still in use are retained in the financial statements.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies SB-FRS 115 to allocate the consideration in the contract.

3.7 Intangible assets and goodwill

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1(i).

Goodwill is not amortised but is reviewed for impairment at least annually. For the impairment of non-financial assets, see Note 3.4(ii). Goodwill is subsequently measured at cost less accumulated impairment losses.

On disposal of a subsidiary or the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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(ii) Other intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives, on the following basis:

Capitalised software development	-	5 to 10 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

3.8 Club memberships

Club memberships are stated at cost less accumulated impairment losses.

Gain or loss on disposal of club membership is determined as the difference between the net disposal proceeds and the carrying amount of the club membership and is accounted for in profit or loss as they arise.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Site restoration

Where required by the lease agreements to restore the premises to its original condition, an estimate is made for the costs of dismantling and removing an asset and restoring the site which is recognised at the commencement of the lease and amortised over the period of the lease.

3.10 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred capital grant in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.11 Revenue

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

Under SB-FRS 115, a customer is a party that has entered into a contract with the Group for betting services. Customers mainly comprise private individuals, who have placed the bet through betting counters or the online betting system. When customers wager in advance, the revenue is not recognised and deferred until the draw or match has taken place. The Group acts as an agent and recognises totalisator revenue on a net basis, which is wagered amounts received from bets less prizes, taxes and commissions paid.

Totalisator revenue

Revenue from the totalisator is recognised upon the completion of each race.

Games and lotteries

Revenue from lotteries is recognised as revenue at the point the draw takes place. Revenue from sports betting is recognised at the point when the match completes.

Gate admission fees

Revenue is recognised at the point of sale of the admission tickets. There are no advance sales of admission tickets and hence revenue is recognised when control of the ticket is passed to the customer.

Racing management, betting and other revenue

Revenue is recognised on an accrual basis unless collectability is in doubt.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised in the manner described in the accounting policies for financial assets above.

Rental income

Rental income is recognised in the profit and loss on a straight-line basis over the lease term.

Casino entry levy

Casino entry levy is recognised when the Board obtains control of the resources or has an enforceable claim to the resources.

3.12 Grant disbursements

Grants are taken to profit or loss when there is an obligation to disburse.

3.13 Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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 as a result of services rendered by employees up to the end of the reporting period.

3.14 Tax

The Singapore Totalisator Board is a tax-exempted institution under the provisions of the Income Tax Act 1947. The subsidiaries of the Board are subject to local tax legislation.

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SB-FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

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- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.15 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 April 2021 and earlier application is permitted; however, the Group and the Board have not early adopted the new or amended standards in preparing these financial statements.

The following new SB-FRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Board's statement of financial position.

- *SB-FRS 117 Insurance Contracts and Amendments to SB-FRS 117 Insurance Contracts*
- *Classification of Liabilities as Current or Non-current (Amendments to SB-FRS 1)*
- *Reference to the Conceptual Framework (Amendments to SB-FRS 103)*
- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to SB-FRS 16)*
- *Onerous Contracts – Costs of Fulfilling a Contract (Amendments to SB-FRS 37)*
- *Annual Improvements to SB-FRSs 2018 – 2020*
- *Disclosure of Accounting Policies (Amendments to SB-FRS 1 and SB-FRS Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to SB-FRS 8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SB-FRS 12)*

4 Property, plant and equipment

	Leasehold land	Buildings	Computer and betting equipment	Audio visual, laboratory, cooling and other equipment/ systems	Other assets	Capital work-in-progress	Total
Group	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost							
At 1 April 2020	141,202	538,306	117,439	155,305	363,000	12,604	1,327,856
Additions	–	–	4,165	150	1,680	19,295	25,290
Disposals	–	(505)	(5,177)	(337)	(2,514)	–	(8,533)
Transfers to intangible assets (Note 6)	–	–	–	–	–	(8,147)	(8,147)
Reclassifications	–	1,412	5,458	1,112	1,585	(9,567)	–
At 31 March 2021	141,202	539,213	121,885	156,230	363,751	14,185	1,336,466
Additions	–	98	8,039	561	2,999	21,241	32,938
Disposals	–	(10)	(2,994)	(5,626)	(695)	(319)	(9,644)
Transfers to intangible assets (Note 6)	–	–	–	–	–	(13,844)	(13,844)
Reclassifications	–	73	8,313	4,201	545	(13,132)	–
Adjustment*	–	–	–	–	–	(558)	(558)
At 31 March 2022	141,202	539,374	135,243	155,366	366,600	7,573	1,345,358

* The adjustment to property, plant and equipment pertains to implementation costs of cloud computing arrangements that no longer meet the criteria for capitalisation. Management undertook a review of the Group's accounting for cloud computing arrangements and the related costs for implementation following IFRIC's agenda decision in April 2021.

Group (cont'd)	Leasehold land $'000	Buildings $'000	Computer and betting equipment $'000	Audio visual, laboratory, cooling and other equipment/ systems $'000	Other assets $'000	Capital work-in-progress $'000	Total $'000
Accumulated depreciation							
At 1 April 2020	14,856	265,159	101,991	137,445	338,697	–	858,148
Depreciation for the year	1,690	15,598	7,889	5,522	8,939	–	39,638
Disposals	–	(264)	(5,174)	(333)	(2,469)	–	(8,240)
At 31 March 2021	16,546	280,493	104,706	142,634	345,167	–	889,546
Depreciation for the year	1,690	15,529	9,014	4,621	8,703	–	39,557
Disposals	–	(8)	(2,888)	(5,574)	(693)	–	(9,163)
At 31 March 2022	18,236	296,014	110,832	141,681	353,177	–	919,940
Carrying amounts							
At 1 April 2020	126,346	273,147	15,448	17,860	24,303	12,604	469,708
At 31 March 2021	124,656	258,720	17,179	13,596	18,584	14,185	446,920
At 31 March 2022	122,966	243,360	24,411	13,685	13,423	7,573	425,418

As at 31 March 2022, capital work-in-progress includes $5,355,000 (2021: $3,679,000) of work-in-progress that will be transferred to intangible assets upon becoming ready for use.

Board	Leasehold land $'000	Buildings $'000	Computer and betting equipment $'000	Audio visual, laboratory, cooling and other equipment/systems $'000	Other assets $'000	Capital work-in-progress $'000	Total $'000
Cost							
At 1 April 2020	2,630	498,175	17,901	139,491	274,092	3,261	935,550
Additions	–	–	157	150	73	6,745	7,125
Disposals	–	(505)	(4,096)	(337)	(2,062)	–	(7,000)
Reclassifications	–	1,412	2,164	1,112	1,081	(5,769)	–
At 31 March 2021	2,630	499,082	16,126	140,416	273,184	4,237	935,675
Additions	–	98	259	561	343	3,824	5,085
Disposals	–	(10)	(234)	(5,626)	(307)	(319)	(6,496)
Transfers to intangible assets (Note 6)	–	–	–	–	–	(1,207)	(1,207)
Reclassifications	–	74	552	4,201	463	(5,290)	–
Adjustment*	–	–	–	–	–	(558)	(558)
At 31 March 2022	2,630	499,244	16,703	139,552	273,683	687	932,499

* The adjustment to property, plant and equipment pertains to implementation costs of cloud computing arrangements that no longer meet the criteria for capitalisation. Management undertook a review of the Group's accounting for cloud computing arrangements and the related costs for implementation following IFRIC's agenda decision in April 2021.

Board (cont'd)	Leasehold land $'000	Buildings $'000	Computer and betting equipment $'000	Audio visual, laboratory, cooling and other equipment/ systems $'000	Other assets $'000	Capital work-in-progress $'000	Total $'000
Accumulated depreciation							
At 1 April 2020	1,365	245,134	17,138	123,700	259,444	–	646,781
Depreciation for the year	16	14,548	590	5,522	5,433	–	26,109
Disposals	–	(263)	(4,096)	(333)	(2,017)	–	(6,709)
At 31 March 2021	1,381	259,419	13,632	128,889	262,860	–	666,181
Depreciation for the year	16	14,569	1,234	4,622	4,114	–	24,555
Disposals	–	(9)	(233)	(5,574)	(307)	–	(6,123)
At 31 March 2022	1,397	273,979	14,633	127,937	266,667	–	684,613
Carrying amounts							
At 1 April 2020	1,265	253,041	763	15,791	14,648	3,261	288,769
At 31 March 2021	1,249	239,663	2,494	11,527	10,324	4,237	269,494
At 31 March 2022	1,233	225,265	2,070	11,615	7,016	687	247,886

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5 Right-of-use assets

The Group and Board have arrangements for the lease of buildings and IT equipment.

	Buildings	IT equipment	Total
	$'000	$'000	$'000
Group			
Balance at 1 April 2020	73,656	505	74,161
Modifications to right-of-use assets	6,026	–	6,026
Depreciation charge for the year	(19,590)	(425)	(20,015)
Derecognition of right-of-use assets	(131)	–	(131)
Balance at 31 March 2021	59,961	80	60,041
Balance at 1 April 2021	59,961	80	60,041
Modifications to right-of-use assets	22,356	845	23,201
Depreciation charge for the year	(18,738)	(351)	(19,089)
Additions to right-of-use assets	589	–	589
Balance at 31 March 2022	64,168	574	64,742
Board			
Balance at 1 April 2020	1,736	105	1,841
Depreciation charge for the year	(868)	(45)	(913)
Balance at 31 March 2021	868	60	928
Balance at 1 April 2021	868	60	928
Modifications to right-of-use assets	2,681	–	2,681
Depreciation charge for the year	(931)	(45)	(976)
Additions to right-of-use assets	63	–	63
Balance at 31 March 2022	2,681	15	2,696

6 Intangible assets

	Group		Board	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Software development expenditure	28,635	30,085	916	–
Goodwill arising on consolidation	57,569	57,569	–	–
	86,204	87,654	916	–

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Software development expenditure

	Group		Board	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Cost				
At 1 April	101,214	93,067	102	102
Transfers from capital work-in-progress (Note 4)	13,844	8,147	1,207	–
Disposals/write-offs	(181)	–	–	–
Adjustment*	(1,915)	–	–	–
At 31 March	112,962	101,214	1,309	102
Accumulated amortisation				
At 1 April	71,129	56,773	102	82
Amortisation charged during the year	13,552	14,356	291	20
Disposals/write-offs	(70)	–	–	–
Adjustment*	(284)	–	–	–
At 31 March	84,327	71,129	393	102
Carrying amounts				
At 1 April	30,085	36,294	–	20
At 31 March	28,635	30,085	916	–

* The adjustment to property, plant and equipment pertains to implementation costs of cloud computing arrangements that no longer meet the criteria for capitalisation. Management undertook a review of the Group's accounting for cloud computing arrangements and the related costs for implementation following IFRIC's agenda decision in April 2021.

Goodwill arising on consolidation

Goodwill arises from the excess of purchase consideration over the fair values of attributable net assets of Singapore Pools (Private) Limited, a wholly-owned subsidiary which is considered as a separate cash-generating unit ("CGU").

Impairment testing of goodwill

The recoverable amount of the CGU was determined based on value-in-use calculations. The following describes the key assumptions on which management has based its cash flow projection:

- Budgeted gross margins of 7% (2021: 7%)
- Pre-tax discount rate of 4% (2021: 4%).

The cash flow projections are based on actual operating results and management's 3-year financial projection of the operations for the years 2023 to 2025. The financial projection is based on management's past experience and future expectations.

The pre-tax discount rate applied reflects specific risks relating to the relevant business activities.

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The recoverable amount is determined to be in excess of the CGU's operating assets carrying value as at 31 March 2022. Management believes that any reasonable possible change in the above key assumptions is not likely to cause the recoverable amount to be materially lower than its carrying amount.

No impairment loss has been recognised for the financial years ended 31 March 2022 and 2021.

7 Investment in subsidiaries

	Board	
	2022 $'000	2021 $'000
Unquoted equity shares, at cost	169,569	169,569

Details of the Board's subsidiaries are as follows:

Name of subsidiaries	Place of incorporation and business	Principal activity	Effective equity held by the Board	
			2022 %	2021 %
Held by the Board				
Singapore Pools (Private) Limited	Singapore	To operate lotteries and sports betting as an agent on behalf of the Board	100	100
Held by Singapore Pools (Private) Limited				
Selegie Management Pte. Ltd.	Singapore	To provide services to manage and operate the Livewire operations at the Integrated Resorts premises	100	100

8 Club memberships

	Group		Board	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At cost	890	890	540	540
Less: Allowance for impairment losses	(516)	(511)	(516)	(511)
	374	379	24	29

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Movements in the allowance for impairment losses:

	Group		Board	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At 1 April	511	511	511	511
Provision for impairment losses	5	–	5	–
At 31 March	516	511	516	511

9 Financial assets at fair value through profit or loss

	Group and Board	
	2022 $'000	2021 $'000
Unit trusts at fair value	3,990,193	4,229,579

The fair values of financial assets are based on valuation provided by professional fund managers. The unit trusts are in diversified portfolios of various asset classes managed by professional fund managers recommended by the Board's investment consultant or awarded by Accountant-General's Department under the Demand Aggregation II Scheme.

10 Trade and other receivables

	Group		Board	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade receivables	22,096	20,098	–	–
Amounts due from a subsidiary	–	–	37,220	1,335
Deposits	1,489	1,444	47	29
Dividend receivable	3	3	3	3
Interest receivable	1,563	1,856	1,369	1,724
Casino entry levy receivable	11,786	12,961	11,786	12,961
Advances to retailers	4,853	17,476	–	–
Investment management fee rebate receivable	1,270	1,339	1,270	1,339
GST receivable	6,571	5,951	6,571	5,951
Other receivables	1,949	6,335	1,480	4,561
	51,580	67,463	59,746	27,903
Prepayments	6,075	9,491	763	933
	57,655	76,954	60,509	28,836

Trade and other receivables are principally denominated in Singapore dollar.

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The amounts due from a subsidiary, Singapore Pools (Private) Limited, relate to transactions arising from the lottery and betting business on behalf of the Board. The amounts are unsecured, interest-free and denominated in Singapore dollar. There is no allowance for doubtful debt arising from these amounts and their carrying amounts approximate their fair values.

The Group's and the Board's exposure to credit risks and impairment loss related to trade and other receivables are disclosed in Note 25.

11 Cash and cash equivalents

	Group		Board	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Short-term bank deposits	120,000	120,000	–	–
Cash at bank and in hand	332,401	257,017	23,214	21,896
Cash with AGD	757,180	611,041	757,180	611,041
	1,209,581	988,058	780,394	632,937

Cash with the Accountant-General's Department ("AGD") refers to cash that are managed by AGD under Centralised Liquidity Management, as set out in the Accountant-General's Circular No. 4/2009 Centralised Liquidity Management for Statutory Boards and Ministries.

Cash and cash equivalents are principally denominated in Singapore dollar and the carrying amounts approximate their fair values.

Short-term bank deposits as at 31 March 2022 have an average maturity of 2.2 months (2021: 2.7 months) from the end of the financial year, with a weighted average effective annual interest rate of 0.51% (2021: 0.45%) per annum.

The interest rate of cash with AGD, defined as the ratio of the interest earned to the average cash balance, ranged from 0.29% to 0.41% (2021: 0.28% to 1.52%) per annum during the financial year.

The Group's and the Board's exposure to interest rate risk for financial assets are disclosed in Note 25.

12 Capital account

The capital account consists of the value of net assets transferred from the former Singapore Turf Club on the establishment of the Board on 1 January 1988 and a Government grant of $500,000.

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13 Deferred tax liabilities

Movements in deferred tax liabilities (prior to offsetting of balances) during the year are as follows:

	Lease liabilities	Accelerated tax depreciation	Provisions	Total
Group	**$'000**	**$'000**	**$'000**	**$'000**
At 1 April 2020	(251)	8,704	–	8,453
Credit to profit or loss for the year (Note 21)	(448)	(579)	(575)	(1,602)
At 31 March 2021	(699)	8,125	(575)	6,851
Debit/(Credit) to profit or loss for the year (Note 21)	481	577	(28)	1,030
At 31 March 2022	(218)	8,702	(603)	7,881

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

14 Deferred capital grants

	Group and Board	
	2022	**2021**
	$'000	**$'000**
At 1 April	156,955	167,371
Amortisation for the year	(10,197)	(10,416)
At 31 March	146,758	156,955

15 Provision for restoration costs

	Group	
	2022	**2021**
	$'000	**$'000**
At beginning of year	7,655	7,657
Write back of provisions	(14)	(2)
Provision made during the year	1,209	–
At end of year	8,850	7,655
Classified as:		
Non-current	7,951	7,223
Current	899	432
	8,850	7,655

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16 Government grants received in advance

Government grants were received for the development of the Kranji race course and to further the cause of the Board's Enhanced Fund-Raising ("EFR") Programme.

	Group and Board	
	2022	2021
	$'000	$'000
At beginning of year	35,905	42
Grants received during the year	22,000	40,000
Recognised in profit or loss during the year	(25,984)	(4,137)
At end of year	**31,921**	**35,905**

As a relief measure to ease the impact of COVID-19 on the community, the Ministry of Finance (the "Ministry") announced in 2021 that it will provide up to $100,000,000 to support charities through the Board's EFR Programme. In 2022, the Ministry also announced that its support for the Board's EFR Programme will be extended until 31 March 2025.

Under the terms of the government grant, the Board will disburse the grants received to qualifying charities. During the year, the Group received $22,000,000 (2021: $40,000,000) from the Ministry and disbursed $25,984,000 (2021: $4,137,000) to the beneficiaries. The amounts as at 31 March 2022 and 2021 represent the unutilised portion of the grants.

17 Other payables and accruals

	Group		Board	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Accrued operating expenses	182,827	215,187	17,879	15,793
Other payables	4,480	10,608	3,657	6,429
	187,307	225,795	21,536	22,222
Advance sales	22,285	26,965	–	–
	209,592	252,760	21,536	22,222

Advance sales relate to collections for draws and matches that are held subsequent to the year end. Other payables and accruals are primarily denominated in Singapore dollar and their carrying amounts approximate their fair values.

The Group's and the Board's exposures to currency and to liquidity risks related to trade and other payables are disclosed in Note 25.

18 Provision for contribution to Consolidated Fund

The Board contributes to the Consolidated Fund in accordance with Section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act 1989. The contribution is based on the Board's net surplus for the financial year, after netting off any prior years' accounting deficit, at the applicable corporation tax rate of 17% (2021: 17%).

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There was no provision for contribution in the current year (2021: provision of $64,929,000) as the Board was in a net deficit position. As of 31 March 2022, the Board has $40,000 (2021: $Nil) unutilised accounting deficit to be carried forward.

19 Operating surplus

A. Income from betting and gaming activities

	Totalisator	Lotteries and Sports betting	Total
	$'000	**$'000**	**$'000**
Group			
2022			
Turnover^	817,854	9,234,054	10,051,908
Dividends or prizes paid	(646,788)	(6,669,736)	(7,316,524)
Betting tax	(41,313)	(1,902,168)	(1,943,481)
Commission	–	(42,166)	(42,166)
Dividends, prizes and other expenses	(688,101)	(8,614,070)	(9,302,171)
Income from betting and gaming activities	129,753	619,984	749,737
2021			
Turnover^	496,838	6,578,106	7,074,944
Dividends or prizes paid	(393,369)	(4,706,519)	(5,099,888)
Betting tax	(25,081)	(1,404,980)	(1,430,061)
Commission	–	(32,678)	(32,678)
Dividends, prizes and other expenses	(418,450)	(6,144,177)	(6,562,627)
Income from betting and gaming activities	78,388	433,929	512,317
Board			
2022			
Turnover^	817,854	9,234,054	10,051,908
Dividends or prizes paid	(646,788)	(6,669,736)	(7,316,524)
Betting tax	(41,313)	(1,902,168)	(1,943,481)
Dividends, prizes and other expenses	(688,101)	(8,571,904)	(9,260,005)
Income from betting and gaming activities	129,753	662,150	791,903
2021			
Turnover^	496,838	6,578,106	7,074,944
Dividends or prizes paid	(393,369)	(4,706,519)	(5,099,888)
Betting tax	(25,081)	(1,404,980)	(1,430,061)
Dividends, prizes and other expenses	(418,450)	(6,111,499)	(6,529,949)
Income from betting and gaming activities	78,388	466,607	544,995

^ Turnover represents wagered amounts received in respect of bets placed by customers during the financial year.

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B. Other operating income

	Group		Board	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Gate admission fees	791	–	–	–
Racing management and other revenue	10,702	10,042	13,078	11,353
Rental income	1,032	1,087	1,032	1,087
Members' subscription and entrance fees	556	572	556	572
Government grants and rebates	30,148	37,159	26,834	20,501
Maternity and childcare leave	291	311	35	55
Sundry income	4,493	3,534	5,010	5,997
	48,013	52,705	46,545	39,565

Racing management and other revenue includes royalty fees collected for the sale of broadcasting rights of Singapore races, equine hospital charges and miscellaneous revenue.

Government grants and rebates includes grant income in respect of the Enhanced Fund-Raising ("EFR") Programme, and property tax rebates, wage support and subsidies from the government to support businesses during the COVID-19 pandemic.

During the year, the Group received $2,901,000 (2021: $30,880,000) of government grants pertaining to property tax rebates and the Jobs Support Scheme ("JSS").

C. Staff costs

	Group		Board	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	121,157	110,741	37,143	35,160
Contributions to defined contribution scheme	12,671	13,268	3,762	3,630
Others	4,589	4,634	1,838	1,964
	138,417	128,643	42,743	40,754

D. Racing and related expenses

Included in Racing and related expenses is $28,299,000 (2021: $24,985,000) of prize money paid to horse owners, trainers and jockeys of the winning horses.

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20 Finance (cost)/income

	Group		Board	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Changes in carrying values of financial assets at fair value through profit or loss	–	574,297	–	574,297
Investment management fee rebate	6,188	4,904	6,188	4,904
Interest income	3,213	8,232	2,964	8,125
Dividend income derived from financial assets	3,078	8,998	3,078	8,998
Finance income	12,479	596,431	12,230	596,324
Changes in carrying values of financial assets at fair value through profit or loss	(51,816)	–	(51,816)	–
Exchange loss	(249)	(132)	(5)	(4)
Finance costs	(52,065)	(132)	(51,821)	(4)
Net finance (cost)/income recognised in profit or loss	(39,586)	596,299	(39,591)	596,320

21 Tax expense

The Board is a tax exempt institution under the provision of the Income Tax Act 1947. The subsidiaries of the Board are subject to tax under Singapore income tax legislation.

	Group	
	2022	2021
	$'000	$'000
Current tax expense		
Current year	11,460	3,592
Under provision in prior years	463	454
Withholding tax	289	308
	12,212	4,354
Deferred tax benefit		
Reversal and origination of temporary differences	1,030	(1,182)
Overprovision in respect of prior years	–	(420)
	1,030	(1,602)
Tax expense	13,242	2,752

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	Group	
	2022	2021
	$'000	$'000
Reconciliation of effective tax rate		
Surplus before tax	60,305	511,362
Tax using Singapore tax rate of 17% (2021: 17%)	10,252	86,932
Deficit/(Surplus) of the Board exempted from tax	7	(83,732)
Non-deductible expenses	2,870	2,087
Income not subject to tax	(529)	(2,860)
Tax exempt income and incentives	(110)	(17)
Under provision in prior years	463	34
Withholding tax	289	308
Tax expense	13,242	2,752

22 Lease liabilities

	Group		Board	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current				
Lease liabilities	16,381	16,338	894	930
Non-current				
Lease liabilities	47,618	42,939	1,727	15
Total lease liabilities	63,999	59,277	2,621	945

Leases as lessee

The Group leases betting outlets, off-course betting centres and IT equipment. The leases typically run for a period of two to six years, with an option to renew the lease after that date.

Rent concessions

For both years ended 31 March 2021 and 2022, the Group received rent concessions from its landlords as a result of the effects of the COVID-19 pandemic. The Group applied the practical expedient for COVID-19-related rent concessions consistently to all eligible rent concessions relating to its betting outlets and off-course betting centres.

The amount recognised in profit or loss for the reporting period and presented within 'office and property related expenses' to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is $4,000 (2021: $2,771,000).

Information about leases for which the Group is a lessee is presented below.

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Amounts recognised in profit or loss

	Group		Board	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Interest on lease liabilities	960	1,232	9	26

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease liabilities
	$'000
Balance at 1 April 2020	72,416
Changes from financing cash flows	
Payment of lease liabilities	(17,133)
Other liability-related changes	
Adjustment to lease liabilities	(3,127)
Modifications to lease liabilities	6,022
Derecognition of lease liabilities	(133)
Interest expense	1,232
Total other changes	3,994
Balance at 31 March 2021	59,277
Balance at 1 April 2021	59,277
Changes from financing cash flows	
Payment of lease liabilities	(18,815)
Other liability-related changes	
Adjustment to lease liabilities	(4)
Modifications to lease liabilities	21,992
Additions to lease liabilities	589
Interest expense	960
Total other changes	23,537
Balance at 31 March 2022	63,999

Leases as lessor

The Group leases out spaces within the Kranji race course and office building consisting of its owned commercial property. All leases are classified as operating leases from a lessor perspective.

Operating lease

Rental income from property lease recognised by the Group and Board during 2022 was $1,705,000 (2021: $1,484,000) and $1,032,000 (2021: $1,087,000) respectively.

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The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	Board
	$'000	$'000
31 March 2022		
Less than one year	1,125	646
One to two years	490	133
Between two to three years	8	–
Total	1,623	779
31 March 2021		
Less than one year	1,239	719
One to two years	997	606
Between two to three years	377	110
Total	2,613	1,435

23 Related company and party transactions

Related company transaction

Agency arrangement with subsidiary

The Board incurs an agency fee expense in return for the agency services rendered by the subsidiary in relation to the betting and gaming business. Under the agency arrangement, the subsidiary collects revenue and pays betting duties for and on behalf of the Board. Operating expenses (including depreciation and amortisation) are borne by the subsidiary and brought directly to the subsidiary's financial statements.

Agency fee is computed based on a rate and composition as agreed by the parties concerned. On 1 April 2021, a revised agency fee formula and rate for the betting and gaming business was applied. The revised arrangement supersedes the previous remuneration arrangement for the horse wagering operations, which was previously determined as a fixed sum considering all operating expenses expected to be incurred for the horse wagering operations, and fully reimbursed by the Board.

Related party transactions

The Board is a statutory board established under the Singapore Totalisator Board Act 1987. As a statutory board, all government ministries, organs of state and other statutory boards are deemed related parties to the Group.

During the financial year, the Group engaged in various transactions with entities related to the Group, at terms agreed between the parties. These transactions include procurement of services and grants disbursed in the ordinary course of the Group's operations.

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Compensation of key management personnel

The remuneration of the Board members of Tote Board, directors of a subsidiary and other members of key management are as follows:

	Group	
	2022	2021
	$'000	$'000
Short-term benefits	6,634	5,812
Post-employment benefits - contribution to CPF	251	228
	6,885	6,040

24 Commitments

Future capital commitments

As at 31 March, the capital expenditures approved and contracted but not provided for in the financial statements are as follows:

	Group		Board	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Property, plant and equipment	32,068	19,878	479	3,090

Grants approved and committed but not disbursed

	Group and Board	
	2022	2021
	$'000	$'000
Approved, but not recognised in the financial statements	2,061,908	2,456,503

25 Financial instruments

Financial Risk Management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

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This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk, interest rate risk and price risk).

Each entity within the Group has a Management Board or Committee which reviews and agrees policies and procedures for the management of these risks, which are executed by the respective management team of each entity. It has been through the current and previous financial year, the Group's policy that no trading in derivatives for speculative purpose shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are unit trust investments managed by professional fund managers, trade receivables and cash and cash equivalents.

Exposure to credit risk

Unit trust investments

The Group limits its credit risk exposure in respect of unit trust investments by only investing in liquid funds that are managed by professional fund managers. These funds are also regulated by the respective regulators of the jurisdictions in which the funds are domiciled.

Trade receivables and advances to retailers

For trade receivables, the Group adopts the policy of dealing only with counterparties who meet certain credit requirements and obtaining sufficient collateral, where appropriate, to mitigate credit risk. The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. Trade receivables that are neither past due nor impaired have been assessed to be creditworthy based on the credit evaluation process performed by management.

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The Group's maximum exposure to credit risk for trade receivables and advances to retailers at the reporting date by type of counterparty was:

	Group	
By types of customer	2022 $'000	2021 $'000
Distributors	95	138
Retailers	24,446	31,906
Others	2,408	5,530
	26,949	37,574

In order to manage the Group's credit risk for trade receivables and advances to retailers, the Group obtains bankers' guarantees issued by their customers' banks for most of the customers. These bankers' guarantees are used as a form of security against the outstanding trade receivables and advances to retailers. As at the statement of financial position date, the bankers' guarantees amounted to $20,792,000 (2021: $22,501,000).

As at the end of the financial year, there is no significant concentration of credit risk on the trade receivables and advances to retailers of the Group.

A summary of the exposures to credit risk for trade receivables was as follows:

	Group			
	2022 Not credit impaired $'000	2021 Credit impaired $'000	2022 Not credit impaired $'000	2021 Credit impaired $'000
Not past due	22,036	–	19,942	–
Past due 1 – 90 days	55	–	156	–
Past due 91 – 180 days	5	–	*	–
Total gross carrying amount	22,096	–	20,098	–
Loss allowance	–	–	–	–
	22,096	–	20,098	–

**Less than $1,000*

The average credit period is 30 days (2021: 30 days).

Cash and cash equivalents

The Group held cash and cash equivalents of $1,209,581,000 at 31 March 2022 (2021: $988,058,000), and this represents its maximum credit exposures on these assets. Short-term bank deposits and cash at bank are held with bank and financial institution counterparties which are rated A3 to Aa1 based on Moody's ratings. The cash with AGD under Centralised Liquidity Management are placed with regulated financial institutions.

Impairment on cash and cash equivalents has been measured on the 12-months expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of allowance on cash and cash equivalents is negligible.

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Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as and when they fall due. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

At the end of the reporting period, the Group does not maintain any interest bearing financial liabilities that expose the Group to fluctuations in interest rates and the possible future cash flows attributable to the carrying amount of the financial liabilities on the statement of financial position.

All financial assets in 2022 and 2021 are repayable on demand or due within 1 year from the end of the reporting period.

Market risk

Market risk is the risk that changes in market prices, interest rates and foreign exchange rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

Foreign exchange risk

The Group operates solely in Singapore. The Group's business operations are not exposed to significant foreign currency risks as the majority of the Group's transactions are denominated in Singapore dollar. The Group does not engage in speculative foreign exchange transactions.

The Group has exposure to foreign exchange risk from unit trust investments denominated in US dollar.

Foreign exchange risk sensitivity

The sensitivity analyses below have been determined based on the exposure to foreign exchange risk at the end of the reporting period.

In respect of unit trust investments, a reasonably possible strengthening/(weakening) of the Singapore dollar, while all other variables were held constant, would (decrease)/increase the Group's and the Board's surplus before tax and Consolidated Fund by the following amount:

	Group and Board	
	2022 $'000	2021 $'000
Surplus before tax and Consolidated Fund		
USD (5% strengthening of the Singapore dollar)	(51,201)	(42,162)
USD (5% weakening of the Singapore dollar)	51,201	42,162

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Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to short-term bank deposits and cash with AGD. The interest rates for cash with AGD are based on deposit rates determined by the financial institutions with which the cash are deposited and are expected to move in tandem with market interest rate movements.

The Group does not have any borrowings as at the end of the financial year.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		Board	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Variable rate instruments				
Short-term bank deposits	120,000	120,000	–	–
Cash with AGD	757,180	611,041	757,180	611,041
	877,180	731,041	757,180	611,041

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher or lower and all other variables held constant, the Group's and the Board's surplus before tax and Consolidated Fund at the reporting date would increase/(decrease) by the amounts shown below.

	Surplus before tax and Consolidated Fund	
	2022 $'000	2021 $'000
Group		
Variable rate instruments (100 bp increase)	8,772	7,310
Variable rate instruments (100 bp decrease)	(8,772)	(7,310)
Board		
Variable rate instruments (100 bp increase)	7,572	6,110
Variable rate instruments (100 bp decrease)	(7,572)	(6,110)

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The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss as the interest rates of its interest-bearing financial instruments are fixed over the contractual period. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Price risk

Surplus funds from the Group's operations are mainly invested in unit trust investments managed by professional fund managers. To manage its price risk arising from investments, the Group diversifies its portfolio. The fair value of amount invested as at 31 March 2022 was $3,990,193,000 (2021: $4,229,579,000).

The price of the unit trust investments is based on indirect observable inputs in an active market. The market risk associated with these investments is the potential loss in fair value resulting from the decrease in the net asset value of unit trusts.

The Group's investment strategies and policies are determined by Tote Board's Investment Committee and approved by the Board members of Tote Board.

Price risk sensitivity

The sensitivity analyses below have been determined based on the exposure to price risks at the end of the reporting period.

In respect of unit trust investments, a 500 basis point increase or decrease in the underlying prices while all other variables were held constant, would increase/(decrease) the Group's and the Board's surplus before tax and Consolidated Fund by the following amount:

	Group and Board	
	2022	**2021**
	$'000	**$'000**
Surplus before tax and Consolidated Fund		
500 bp increase	199,510	211,479
500 bp decrease	(199,510)	(211,479)

Capital management policies and objectives

The Board manages its capital to ensure that it will be able to continue as a going concern while fulfilling its objective as a statutory board.

The capital structure of the Group consists of capital and accumulated surplus. There were no changes in the capital management approach during the financial year.

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26 Classification and fair value of financial instruments

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			
	Group		Board	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Financial assets measured at amortised cost				
Trade and other receivables (Note 10)	51,580	67,463	59,746	27,903
Cash and cash equivalents (Note 11)	1,209,581	988,058	780,394	632,937
	1,261,161	1,055,521	840,140	660,840
Financial assets measured at FVTPL				
Unit trusts at fair value (Note 9)	3,990,193	4,229,579	3,990,193	4,229,579
Financial liabilities measured at amortised cost				
Trade payables	106,700	101,720	3,742	4,767
Other payables and accruals (Note 17)	187,307	225,795	21,536	22,222
	294,007	327,515	25,278	26,989

<u>Fair value</u>

The Group has an established approach with respect to the measurement of fair values.

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table shows the levels of fair value hierarchy and the respective valuation technique used in measuring the fair values, as well as significant unobservable inputs:

	Types of financial instruments	Valuation method
Level 2	**Financial assets at fair value through profit or loss** - Unit trust investments at fair value	The fair value based on bid prices provided by brokers or valuation provided by professional fund managers.

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Measurement of fair values

The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the Group assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SB-FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. There were no transfers between Level 1, Level 2 and Level 3 during 2022 and 2021.

The carrying amounts of financial assets and financial liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade payables and other payables and accruals) approximate their fair values because of the short period to maturity.

27 Subsequent event

Establishment of the Gambling Regulatory Authority

The Gambling Regulatory Authority Of Singapore Act 2022 (the “GRA Act”) and the Gambling Control Act 2022 (the “GC Act”) is expected to commence into operation within the second quarter of the financial year ending 31 March 2023.

The GRA Act expands the mandate of the Casino Regulatory Authority (the “CRA”), by reconstituting the CRA to establish the Gambling Regulatory Authority (the “GRA”). The GRA will regulate the entire gambling landscape in Singapore, including the physical gambling services operated by Singapore Pools (Private) Limited which are currently governed by Tote Board.

The GC Act allows GRA to issue gambling operator licences for products, including the physical and online products offered by Singapore Pools (Private) Limited, a wholly-owned subsidiary of Tote Board.

The GRA Act also results in consequential and related amendments to the Singapore Totalisator Board Act 1987, where the revised principal activities of Tote Board are those relating to the support of public, social or charitable purposes and the promotion of culture, art and sport in Singapore via Grant-making, conducting equine research and carrying on other activities for the improvement of racing generally.