FINANCIAL STATEMENTS

TOTE BOARD ANNUAL REPORT FY2022/23

Singapore Totalisator Board
and its subsidiaries

Annual Financial Statements
Year ended 31 March 2023

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

ANNUAL FINANCIAL STATEMENTS 31 MARCH 2023

C O N T E N T S

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 FS50 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 2023, 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

Sim Beng Mei Mildred
Chairman

Tan Choon Shian
Chief Executive

4 September 2023

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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 2023, 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 FS50.

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 2023 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.

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.

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.

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.

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
4 September 2023

Statements of financial position
As at 31 March 2023

	Note	Group 2023 $'000	Group 2022 $'000	Board 2023 $'000	Board 2022 $'000
Non-current assets					
Property, plant and equipment	4	417,698	425,418	230,665	247,886
Right-of-use assets	5	56,078	64,742	1,788	2,696
Intangible assets	6	85,790	86,204	675	916
Investment in subsidiaries	7	–	–	169,569	169,569
Club memberships	8	350	374	–	24
		559,916	576,738	402,697	421,091
Current assets					
Financial assets at fair value through profit or loss	9	3,659,648	3,990,193	3,659,648	3,990,193
Trade and other receivables	10	66,876	57,655	36,813	60,509
Cash and cash equivalents	11	1,578,453	1,209,581	900,201	780,394
		5,304,977	5,257,429	4,596,662	4,831,096
Total assets		5,864,893	5,834,167	4,999,359	5,252,187
Capital and reserves and liabilities					
Capital account	12	295,075	295,075	295,075	295,075
Accumulated surpluses		4,796,745	4,951,930	4,230,721	4,750,534
Total capital and reserves		5,091,820	5,247,005	4,525,796	5,045,609
Non-current liabilities					
Deferred tax liabilities	13	7,685	7,881	–	–
Deferred capital grants	14	136,563	146,758	136,563	146,758
Provision for restoration costs	15	8,444	7,951	–	–
Lease liabilities	22	40,925	47,618	833	1,727
		193,617	210,208	137,396	148,485
Current liabilities					
Government grants received in advance	16	19,944	31,921	19,944	31,921
Trade payables		127,994	106,700	5,399	3,742
Other payables and accruals	17	337,857	209,592	309,687	21,536
Provision for restoration costs	15	257	899	–	–
Financial liabilities at fair value through profit or loss	9	243	–	243	–
Current tax payable		77,783	11,461	–	–
Lease liabilities	22	15,378	16,381	894	894
		579,456	376,954	336,167	58,093
Total liabilities		773,073	587,162	473,563	206,578
Total capital and reserves and liabilities		5,864,893	5,834,167	4,999,359	5,252,187

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

Statements of profit or loss and other comprehensive income
Year ended 31 March 2023

	Note	Group 2023 $'000	Group 2022 $'000	Board 2023 $'000	Board 2022 $'000
Income from betting and gaming activities	19(a)	2,991,691	749,737	928,028	791,903
Other operating income	19(b)	63,134	48,013	61,158	46,545
Total operating income		3,054,825	797,750	989,186	838,448
Gambling duties		(2,070,798)	–	(655,980)	–
Staff costs	19(c)	(149,309)	(138,417)	(42,193)	(42,743)
Racing and related expenses	19(d)	(60,597)	(52,751)	(32,413)	(32,436)
Commission expenses		(42,051)	–	–	–
Depreciation of property, plant and equipment	4	(38,749)	(39,557)	(22,988)	(24,555)
Depreciation of right-of-use assets	5	(18,093)	(19,089)	(908)	(976)
General administrative expenses		(44,526)	(32,359)	(10,658)	(5,022)
Office and property related expenses		(19,945)	(19,254)	(13,244)	(13,538)
Upkeep of property, plant and equipment		(22,348)	(19,726)	(11,007)	(10,014)
Information technology expenses		(37,858)	(34,190)	(11,748)	(12,612)
Amortisation of intangible assets	6	(10,392)	(13,552)	(241)	(291)
Agency fees	23	–	–	(111,363)	(328,246)
Total operating expenditure		(2,514,666)	(368,895)	(912,743)	(470,433)
Total operating surplus		540,159	428,855	76,443	368,015
Non-operating income/(expenditure)					
Finance costs, net	20	(284,507)	(39,586)	(267,568)	(39,591)
Casino entry levy		147,310	125,466	147,310	125,466
Allowance for impairment loss of club memberships	8	(24)	(5)	(24)	(5)
Amortisation of deferred capital grants	14	10,195	10,197	10,195	10,197
Gain/(Loss) on disposal of property, plant and equipment		1,997	(447)	9	(369)
Loss on disposal of intangible assets		–	(111)	–	–
Rental and other income		767	677	–	–
Interest expense – Right-of-use assets	22	(842)	(960)	(38)	(9)
Other (expenditure)/income		(5,898)	360	1	364
Total non-operating (deficit)/surplus		(131,002)	95,591	(110,115)	96,053

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

Statements of profit or loss and other comprehensive income (cont'd)
Year ended 31 March 2023

		Group		Board	
	Note	**2023** **$'000**	**2022** **$'000**	**2023** **$'000**	**2022** **$'000**
Total surplus/(deficit)		409,157	524,446	(33,672)	464,068
Grant disbursements		(486,140)	(464,141)	(486,140)	(464,108)
(Deficit)/Surplus before tax and contribution to Consolidated Fund		(76,983)	60,305	(519,812)	(40)
Tax expense	21	(78,202)	(13,242)	(1)	–
(Deficit)/Surplus before contribution to Consolidated Fund		(155,185)	47,063	(519,813)	(40)
Contribution to Consolidated Fund	18	–	–	–	–
(Deficit)/Surplus for the year, representing total comprehensive (deficit)/surplus for the year		(155,185)	47,063	(519,813)	(40)

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

Statement of changes in capital and reserves
Year ended 31 March 2023

	Capital account $'000	Accumulated surpluses $'000	Total $'000
Group			
At 1 April 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
Total comprehensive deficit for the year	–	(155,185)	(155,185)
At 31 March 2023	295,075	4,796,745	5,091,820
Board			
At 1 April 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
Total comprehensive deficit for the year	–	(519,813)	(519,813)
At 31 March 2023	295,075	4,230,721	4,525,796

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

Consolidated statement of cash flows
Year ended 31 March 2023

	Note	Group 2023 $'000	Group 2022 $'000
Cash flows from operating activities			
(Deficit)/Surplus before tax and contribution to Consolidated Fund		(76,983)	60,305
Adjustments for:			
Allowance for impairment of club memberships	8	24	5
Amortisation of deferred capital grants	14	(10,195)	(10,197)
Amortisation of intangible assets	6	10,392	13,552
Depreciation of property, plant and equipment	4	38,749	39,557
Depreciation of right-of-use assets	5	18,093	19,089
Grant disbursements		486,140	464,141
Finance costs, net	20	284,507	39,586
Interest expense – right-of-use assets	22	842	960
(Gain)/Loss on disposal of property, plant and equipment		(1,997)	447
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		749,572	629,745
Trade receivables		14,189	(1,998)
Deposits, prepayments and other receivables		(6,568)	20,935
Trade payables		21,276	4,731
Other payables and accruals		120,337	(42,864)
Grants received in advance		(11,977)	(3,984)
Cash generated from operations		886,829	606,565
Grants disbursed		(486,140)	(464,141)
Contribution to Consolidated Fund		–	(64,929)
Income taxes paid, net		(12,076)	(4,342)
Net cash generated from operating activities		388,613	73,153
Cash flows from investing activities			
Redemption of financial assets at fair value through profit or loss, net		9,286	187,570
Acquisition of property, plant and equipment	A	(36,246)	(33,260)
Proceeds from disposal of property, plant and equipment		2,049	34
Interest received from cash and cash equivalents	B	9,743	3,506
Interest and other income received from financial assets at fair value through profit or loss	C	4,730	–
Dividend received		3,218	3,078
Investment management fee rebate received	D	5,419	6,257
Net cash (used in)/generated from investing activities		(1,801)	167,185

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

Consolidated statement of cash flows (cont'd)
Year ended 31 March 2023

	Note	Group 2023 $'000	Group 2022 $'000
Cash flows from financing activity			
Repayment of lease liabilities		(17,940)	(18,815)
Net cash used in financing activity		(17,940)	(18,815)
Net increase in cash and cash equivalents		368,872	221,523
Cash and cash equivalents at beginning of the year		1,209,581	988,058
Cash and cash equivalents at end of the year	11	1,578,453	1,209,581

Note:

A. During the year, the Group acquired property, plant and equipment with an aggregate cost of $41,059,000 (2022: $32,938,000) of which $6,741,000 (2022: $1,928,000) relates to accruals.

B. During the year, the Group recognised interest income from cash and cash equivalents of $21,925,000 (2022: $3,213,000) of which $13,745,000 (2022: $1,563,000) is not yet received and recorded as interest income receivable.

C. During the year, the Group recognised interest and other income from financial assets at fair value through profit or loss of $7,495,000 (2022: $Nil) of which $2,765,000 (2022: $Nil) is not yet received and recorded as interest income receivable from financial assets at fair value through profit or loss.

D. During the year, the Group recognised investment management fee rebate income of $5,317,000 (2022: $6,188,000) of which $1,168,000 (2022: $1,270,000) is not yet received and recorded as investment management fee rebate receivable.

Notes to the financial statements

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 4 September 2023.

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 1987. 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.

Changes to principal activities during the year

Prior to 1 August 2022, the principal activities of Tote Board were 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 were carried out by Tote Board's two agents, the Singapore Turf Club (proprietary club of Tote Board) and Singapore Pools (Private) Limited (wholly-owned subsidiary of Tote Board).

On 1 August 2022, following the establishment of the Gambling Regulatory Authority ("GRA") as the single regulator of the gambling landscape in Singapore, with the enactment of the Gambling Regulatory Authority of Singapore Act 2022 and the Gambling Control Act 2022 (collectively known as the "GRA Acts"), the principal activities of Tote Board were revised and includes:

(a) the support of public, social or charitable purposes and the promotion of culture, art and sport in Singapore via grant-making;
(b) to work collaboratively with the GRA to foster responsible gambling and reduce the prevalence of unauthorised gambling; and
(c) to conduct equine research and carry on other activities for the improvement of racing generally (these activities will be carried out by Tote Board's agent, the Singapore Turf Club).

As Tote Board's principal activities relating to operating totalisators, lotteries and other betting and gaming activities were relinquished, Singapore Pools (Private) Limited ceased to be an agent for Tote Board on 31 July 2022. Under the new GRA licensing regime, the license to operate the wagering operations of 4D, TOTO, Sports betting, Singapore Sweep lotteries and Horse Racing is granted directly to Singapore Pools (Private) Limited.

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 up to 31 July 2022 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").

Enactment of the Gambling Duties Act 2022 and Gambling Duties Regulation 2022

In conjunction with the abovementioned regulatory changes, the Gambling Duties Act 2022 and Gambling Duties Regulation 2022 (collectively known as the "Gambling Duties Act 2022") was enacted and passed into law in February 2022. The Gambling Duties Act 2022 consolidates the laws on the levy and collection of duties on lawful betting and lotteries, and supersedes the Betting and Sweepstake Duties Act 1950.

Under the Gambling Duties Act 2022, the tax administration and enforcement provisions for gambling duties are now aligned with other tax Acts administered by the Inland Revenue Authority of Singapore. Arising from the new legislations/regulatory developments, the Group updated its revenue accounting policy prospectively from 1 April 2022 (refer to Note 3.11).

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 up to 31 July 2022 are not within the reporting scope of AGS 9.

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.

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 2022:

- Amendment to SB-FRS 116: *COVID-19-Related Rent Concessions beyond 30 June 2021*
- Amendments to SB-FRS 103: *Reference to the Conceptual Framework*
- Amendments to SB-FRS 16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SB-FRS 37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to SB-FRSs 2018-2020

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.

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.

(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.

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.

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).

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 or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

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.

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 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.

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.

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.

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

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.

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.

(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.

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.

(i) Income from betting and gaming activities

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.

Prior to 1 April 2022

The Group recognised revenue on a net basis, which is wagered amounts received from bets less prizes, betting taxes and commissions.

Beginning from 1 April 2022

The Group updated its revenue accounting policy on 1 April 2022 following the gambling regulatory changes and new tax legislations as mentioned in Note 1. As a prospective change from 1 April 2022, the Group recognises revenue on a net basis, which is defined as wagered amounts received from bets less dividends or prizes.

Gambling duties are accounted for as the Group's operating expenditures, along with commission expenses.

Totalisator revenue

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

Lotteries and Sports revenue

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.

(ii) Gate admission income

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.

(iii) Racing management, betting and other revenue

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

(iv) Dividend income

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

(v) Interest income

Interest income is recognised using the effective interest method.

(vi) Rental income

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

(vii) 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

- 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 2022 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.

- *Classification of Liabilities as Current or Non-current (Amendments to SB-FRS 1)*
- *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)*
- *Revised SB-FRS 1002 Impairment of Non-Cash-Generating Assets*

4 Property, plant and equipment

Group	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 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
Additions	–	17	10,347	203	7,251	23,241	41,059
Disposals	–	(30)	(22,408)	(3,964)	(5,551)	–	(31,953)
Transfers to intangible assets (Note 6)	–	–	–	–	–	(9,978)	(9,978)
Reclassifications	–	98	1,096	2,442	2,921	(6,557)	–
At 31 March 2023	141,202	539,459	124,278	154,047	371,221	14,279	1,344,486

* The adjustment to property, plant and equipment in 2021 pertained 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 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
Depreciation for the year	1,690	15,293	9,325	4,180	8,261	–	38,749
Disposals	–	(30)	(22,393)	(3,961)	(5,517)	–	(31,901)
At 31 March 2023	19,926	311,277	97,764	141,900	355,921	–	926,788
Carrying amounts							
At 1 April 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
At 31 March 2023	121,276	228,182	26,514	12,147	15,300	14,279	417,698

As at 31 March 2023, capital work-in-progress includes $10,975,000 (2022: $5,355,000) 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 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
Additions	–	–	5	203	463	5,119	5,790
Disposals	–	(30)	(2,780)	(3,964)	(702)	–	(7,476)
Reclassifications	–	98	1,719	2,442	1,480	(5,739)	–
At 31 March 2023	2,630	499,312	15,647	138,233	274,924	67	930,813

* The adjustment to property, plant and equipment in 2021 pertained 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 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
Depreciation for the year	16	14,574	1,306	4,180	2,912	–	22,988
Disposals	–	(30)	(2,772)	(3,962)	(689)	–	(7,453)
At 31 March 2023	1,413	288,523	13,167	128,155	268,890	–	700,148
Carrying amounts							
At 1 April 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
At 31 March 2023	1,217	210,789	2,480	10,078	6,034	67	230,665

5 Right-of-use assets

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

	Buildings $'000	IT equipment $'000	Total $'000
Group			
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
Balance at 1 April 2022	64,168	574	64,742
Modifications to right-of-use assets	8,957	–	8,957
Depreciation charge for the year	(17,862)	(231)	(18,093)
Additions to right-of-use assets	472	–	472
Balance at 31 March 2023	55,735	343	56,078
Board			
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
Balance at 1 April 2022	2,681	15	2,696
Depreciation charge for the year	(893)	(15)	(908)
Balance at 31 March 2023	1,788	–	1,788

6 Intangible assets

	Group		Board	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Software development expenditure	28,221	28,635	675	916
Goodwill arising on consolidation	57,569	57,569	–	–
	85,790	86,204	675	916

Software development expenditure

	Group		Board	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Cost				
At 1 April	112,962	101,214	1,309	102
Transfers from capital work-in-progress (Note 4)	9,978	13,844	–	1,207
Disposals/write-offs	(11,956)	(181)	(102)	–
Adjustment*	–	(1,915)	–	–
At 31 March	110,984	112,962	1,207	1,309
Accumulated amortisation				
At 1 April	84,327	71,129	393	102
Amortisation charged during the year	10,392	13,552	241	291
Disposals/write-offs	(11,956)	(70)	(102)	–
Adjustment*	–	(284)	–	–
At 31 March	82,763	84,327	532	393
Carrying amounts				
At 1 April	28,635	30,085	916	–
At 31 March	28,221	28,635	675	916

* The adjustment to intangible assets in 2021 pertained 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 7.0% (2022: 7.0%)
- Pre-tax discount rate of 4.8% (2022: 4.0%).

The cash flow projections are based on actual operating results and management's 3-year financial projection of the operations for the years 2024 to 2026. 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.

The recoverable amount is determined to be in excess of the CGU's operating assets carrying value as at 31 March 2023. 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 2023 and 2022.

7 Investment in subsidiaries

	Board	
	2023	**2022**
	$'000	**$'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 2023 %	Effective equity held by the Board 2022 %
Held by the Board				
Singapore Pools (Private) Limited	Singapore	To operate lotteries, sports and totalisator betting	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	100	100

8 Club memberships

	Group		Board	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Cost				
At 1 April	890	890	540	540
Disposal of membership	(90)	–	(90)	–
At 31 March	800	890	450	540

	Group		Board	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Allowance for impairment				
At 1 April	516	511	516	511
Provision for impairment losses	24	5	24	5
Disposal of membership	(90)	–	(90)	–
At 31 March	450	516	450	516
Carrying amounts				
At 1 April	374	379	24	29
At 31 March	350	374	–	24

9 Financial assets and liabilities at fair value through profit or loss

	Group and Board	
	2023	**2022**
	$'000	**$'000**
Financial assets at fair value through profit or loss		
Unit trust investments	3,280,289	3,990,193
Quoted debt investments	379,349	–
Derivative financial instruments	10	–
	3,659,648	3,990,193
Financial liabilities at fair value through profit or loss		
Derivative financial instruments	(243)	–
Net financial assets at fair value through profit or loss	3,659,405	3,990,193

Financial assets and liabilities at fair value through profit or loss are managed by professional fund managers recommended by the Board's investment consultant. As at 31 March 2023, the financial assets and liabilities are held with an external custodian bank appointed during the financial year.

Net financial assets at fair value through profit or loss includes $994,821,000 (2022: $1,024,021,000) which is denominated in US dollar.

Derivative financial instruments are entered into for efficient portfolio management and hedging purposes to manage currency risk and interest rate risk of the investment portfolio. The following table sets out the notional amount, which is the value of the underlying bond futures and forward foreign exchange contracts translated into Singapore dollar at the financial year-end rate.

	Derivative financial instruments		
	Notional Amount $'000	**Assets $'000**	**Liabilities $'000**
Group and Board			
2023			
Bond futures contracts	5,824	–	(42)
Forward foreign exchange contracts	148,229	10	(201)
	154,053	10	(243)
2022			
Bond futures contracts	–	–	–
Forward foreign exchange contracts	–	–	–
	–	–	–

The Group's and the Board's exposure to credit and market risks are disclosed in Note 25.

10 Trade and other receivables

	Group		Board	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Trade receivables	7,907	22,096	–	–
Casino entry levy receivable	12,065	11,786	12,065	11,786
Advances to retailers	4,452	4,853	–	–
Interest income receivable from cash and cash equivalents	13,745	1,563	12,464	1,369
Other receivables	1,974	1,949	1,561	1,480
Deposits	1,534	1,489	34	47
Amounts due from a subsidiary	–	–	3,262	37,220
GST receivable	439	6,571	439	6,571
Relating to financial assets at fair value through profit or loss:				
- Investment management fee rebate receivable	1,168	1,270	1,168	1,270
- Dividend receivable	–	3	–	3
- Interest income receivable	2,765	–	2,765	–
- Margin accounts	296	–	296	–
- Sales transactions awaiting settlement	2,000	–	2,000	–
	48,345	51,580	36,054	59,746
Prepayments	18,531	6,075	759	763
	66,876	57,655	36,813	60,509

Trade and other receivables are primarily denominated in Singapore dollar.

The amounts due from a subsidiary, Singapore Pools (Private) Limited, are unsecured and interest-free. The balances in the previous financial year relate to transactions arising from the lottery and betting business on behalf of the Board.

Margin accounts are managed by professional fund managers and represent cash deposits held with brokers as collateral against open derivative financial instruments.

Sales transactions awaiting settlement represent amounts receivable for financial assets at fair value through profit and loss which are sold but not yet settled as at the end of the reporting period.

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	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Cash placed with custodian bank	2,907	–	2,907	–
Short-term fixed deposits	340,000	120,000	20,000	–
Cash at bank and in hand	367,786	332,401	9,534	23,214
Cash with AGD	867,760	757,180	867,760	757,180
	1,578,453	1,209,581	900,201	780,394

Cash and cash equivalents are primarily denominated in Singapore dollar.

Short-term fixed deposits bear interest ranging from 2.70% to 4.10% (2022: 0.43% to 0.60%) per annum and have a tenure of approximately 31 to 189 days (2022: 181 to 183 days).

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 with AGD earned interest ranging from 0.49% to 2.85% (2022: 0.29% to 0.41%) 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.

13 Deferred tax liabilities

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

Group	Lease liabilities $'000	Accelerated tax depreciation $'000	Provisions $'000	Total $'000
At 1 April 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
Debit/(Credit) to profit or loss for the year (Note 21)	(1,299)	883	220	(196)
At 31 March 2023	(1,517)	9,585	(383)	7,685

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

Deferred capital grants relate to grants received from the Government for the purchase of certain property, plant and equipment.

	Group and Board	
	2023 $'000	2022 $'000
At 1 April	146,758	156,955
Amortisation for the year	(10,195)	(10,197)
At 31 March	136,563	146,758

15 Provision for restoration costs

	Group	
	2023 $'000	2022 $'000
At beginning of year	8,850	7,655
Write back of provisions	–	(14)
Provision made during the year	27	1,209
Utilisation of provision	(176)	–
At end of year	8,701	8,850
Classified as:		
Non-current	8,444	7,951
Current	257	899
	8,701	8,850

16 Government grants received in advance

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

	Group and Board	
	2023	**2022**
	$'000	**$'000**
At beginning of year	31,921	35,905
Grants received during the year	24,000	22,000
Recognised in profit or loss during the year	(35,977)	(25,984)
At end of year	19,944	31,921

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 $24,000,000 (2022: $22,000,000) from the Ministry and disbursed $35,977,000 (2022: $25,984,000) to the beneficiaries. The amounts as at 31 March 2023 and 2022 represent the unutilised portion of the grants.

17 Other payables and accruals

	Group		Board	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Accrued operating expenses	293,458	182,827	22,007	17,879
Other payables	4,595	4,480	3,905	3,657
Purchase transactions awaiting settlement	2,561	–	2,561	–
	300,614	187,307	28,473	21,536
Advances from a subsidiary	–	–	281,214	–
Advance sales	37,243	22,285	–	–
	337,857	209,592	309,687	21,536

Other payables and accruals are primarily denominated in Singapore dollar.

Purchase transactions awaiting settlement represent amounts payable for financial assets at fair value through profit and loss which are purchased but not yet settled as at the end of the reporting period.

Advances from a subsidiary, Singapore Pools (Private) Limited, are unsecured and interest-free. The advances will be recognised in profit or loss as dividend income in subsequent reporting periods, when the right to receive the payment is established.

Advance sales relate to collections for draws and matches that are held subsequent to the year end.

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% (2022: 17%).

There was no provision for contribution in the current or prior year as the Board was in a net deficit position. As of 31 March 2023, the Board has $519,853,000 (2022: $40,000) unutilised accounting deficit to be carried forward.

19 Operating surplus

(a) Income from betting and gaming activities

As mentioned in Note 3.11, the Group updated its revenue accounting policy on 1 April 2022 following the gambling regulatory changes and new tax legislations.

	Totalisator $'000	Lotteries and Sports betting $'000	Total $'000
2023			
Group			
Turnover^	1,117,014	10,292,038	11,409,052
Dividends or prizes	(882,361)	(7,535,000)	(8,417,361)
Income from betting and gaming activities	234,653	2,757,038	2,991,691
Board#			
Turnover^	368,569	3,089,375	3,457,944
Dividends or prizes	(291,410)	(2,238,506)	(2,529,916)
Income from betting and gaming activities	77,159	850,869	928,028
2022			
Group			
Turnover^	817,854	9,234,054	10,051,908
Dividends or prizes	(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

	Totalisator $’000	Lotteries and Sports betting $’000	Total $’000
Board			
Turnover^	817,854	9,234,054	10,051,908
Dividends or prizes	(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

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

As mentioned in Note 1, Singapore Pools (Private) Limited ceased to be an agent for Tote Board on 31 July 2022. The license to operate the wagering operations is granted directly to Singapore Pools (Private) Limited. Consequently, from 1 August 2022, income from betting and gaming activities accrues to Singapore Pools (Private) Limited directly instead of the Board.

(b) Other operating income

	Group		Board	
	2023 $’000	2022 $’000	2023 $’000	2022 $’000
Gate admission income	4,002	791	624	–
Racing management and other revenue	13,022	10,702	16,128	13,078
Rental income	1,800	1,032	1,800	1,032
Members’ subscription and entrance fees	1,037	556	1,037	556
Government grants and rebates	37,451	30,439	36,220	26,869
Sundry income	5,822	4,493	5,349	5,010
	63,134	48,013	61,158	46,545

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. In the prior year, the Group received $2,901,000 of government grants pertaining to the Jobs Support Scheme (“JSS”), which was extended by the government to support businesses during the COVID-19 pandemic.

(c) Staff costs

	Group		Board	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	129,849	121,157	36,629	37,143
Contributions to defined contribution scheme	13,890	12,671	3,940	3,762
Others	5,570	4,589	1,624	1,838
	149,309	138,417	42,193	42,743

(d) Racing and related expenses

Included in Racing and related expenses is $28,053,000 (2022: $28,299,000) of prize money paid to horse owners, trainers and jockeys of the winning horses.

20 Finance (cost)/income

	Group		Board	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Dividend income from subsidiary	–	–	23,303	–
Interest income from cash and cash equivalents	21,925	3,213	15,543	2,964
Income derived from financial assets at fair value through profit or loss:				
- Investment management fee rebate	5,317	6,188	5,317	6,188
- Dividend income	3,215	3,078	3,215	3,078
- Interest and other income	7,495	–	7,495	–
Finance income	37,952	12,479	54,873	12,230
Net change in carrying values of financial assets and liabilities at fair value through profit or loss	(322,063)	(51,816)	(322,063)	(51,816)
Exchange loss	(396)	(249)	(378)	(5)
Finance costs	(322,459)	(52,065)	(322,441)	(51,821)
Net finance cost recognised in profit or loss	(284,507)	(39,586)	(267,568)	(39,591)

21 Tax expense

The Board is a tax exempt institution under the provision of the Income Tax Act 1947. The Board has withholding tax expense on interest income from quoted debt investments domiciled in certain foreign jurisdictions.

The subsidiaries of the Board are subject to tax under Singapore income tax legislation.

	Group	
	2023 $'000	2022 $'000
Current tax expense		
Current year	77,763	11,460
Under-provision in respect of prior years	247	463
Withholding tax	388	289
	78,398	12,212
Deferred tax benefit		
Net origination and reversal of temporary differences	953	1,030
Over-provision in respect of prior years	(1,149)	–
	(196)	1,030
Tax expense	78,202	13,242

Reconciliation of effective tax rate

	2023 $'000	2022 $'000
(Deficit)/Surplus before tax	(76,983)	60,305
Tax using Singapore tax rate of 17% (2022: 17%)	(13,087)	10,252
Deficit of the Board exempted from tax	88,368	7
Non-deductible expenses	6,081	2,870
Income not subject to tax	(2,585)	(529)
Tax exempt income and incentives	(61)	(110)
(Over)/Under-provision in prior years	(902)	463
Withholding tax	388	289
Tax expense	78,202	13,242

22 Lease liabilities

	Group		Board	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Current				
Lease liabilities	15,378	16,381	894	894
Non-current				
Lease liabilities	40,925	47,618	833	1,727
Total lease liabilities	56,303	63,999	1,727	2,621

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 the year ended 31 March 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 year ended 31 March 2022 and presented within 'office and property related expenses' to reflect changes in lease payments arising from rent concessions to which the Group had applied the practical expedient for COVID-19-related rent concessions was $4,000.

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

Amounts recognised in profit or loss

	Group		Board	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Interest on lease liabilities	842	960	38	9

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

	Lease liabilities $'000
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
Balance at 1 April 2022	63,999
Changes from financing cash flows	
Payment of lease liabilities	(17,940)
Other liability-related changes	
Modifications to lease liabilities	8,957
Additions to lease liabilities	445
Interest expense	842
Total other changes	10,244
Balance at 31 March 2023	56,303

Leases as lessor

The Group leases out spaces within the Kranji racecourse 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 2023 was $2,567,000 (2022: $1,705,000) and $1,800,000 (2022: $1,032,000) respectively.

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

	Group $'000	Board $'000
31 March 2023		
Less than one year	2,078	1,630
One to two years	988	891
Between two to three years	53	–
Total	3,119	2,521
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

23 Related company and party transactions

A. Related company transaction

Agency arrangement with subsidiary

The Board incurs an agency fee expense in return for the agency services rendered by the subsidiary, Singapore Pools (Private) Limited, 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. As mentioned in Note 1, Singapore Pools (Private) Limited ceased to be an agent for Tote Board on 31 July 2022.

B. 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.

C. Compensation of key management personnel

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

	Group	
	2023	**2022**
	$'000	**$'000**
Short-term benefits	7,083	6,634
Post-employment benefits - contribution to CPF	210	251
	7,293	6,885

24 Commitments

Commitments authorised and contracted as at 31 March but not provided for in the financial statements are as follows:

	Group		**Board**	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Acquisition of property, plant and equipment	24,019	32,068	1,345	479
Grants committed but not disbursed	3,264,882	2,061,908	3,264,882	2,061,908

25 Financial instruments

Financial risk management

<u>Overview</u>

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 market price risk).

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.

<u>Risk management framework</u>

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.

A. 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 and their exposure to credit risk are set out below.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are managed by professional fund managers recommended by the Board's investment consultant.

The Group manages its credit risk by transacting with entities of acceptable creditworthiness. Credit risks are also mitigated by diversifying credit exposures across counterparties and issuers.

The Group's unit trust investments are regulated by the respective regulators of the jurisdictions in which they are domiciled. The professional fund managers of the Group's quoted debt investments are regulated by the Monetary Authority of Singapore.

Trade receivables and advances to retailers

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 policies in place to only deal with counterparties who meet certain credit requirements and requires banker's guarantee to reduce its risks.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the respective management team of each entity based on ongoing evaluation. The counterparty's payment profit and credit exposure are continuously monitored at the entity level by the respective management team.

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	
	2023	**2022**
By types of customer	**$'000**	**$'000**
Distributors	116	95
Retailers	8,846	24,446
Others	3,397	2,408
	12,359	26,949

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 $19,743,000 (2022: $20,792,000).

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			
	2023		2022	
	Not credit impaired $'000	Credit impaired $'000	Not credit impaired $'000	Credit impaired $'000
Not past due	7,840	–	22,036	–
Past due 1 – 90 days	67	–	55	–
Past due 91 – 180 days	–	–	5	–
Total gross carrying amount	7,907	–	22,096	–
Loss allowance	–	–	–	–
	7,907	–	22,096	–

The average credit period is 30 days (2022: 30 days).

As at the end of the financial year, all advances to retailers are not past due.

For purpose of impairment assessment, the Group's debtors are considered to have low credit risk as they mainly relate to counterparties that have a good record with the Group with no instances of default historically. There is no impairment arising from the outstanding balances.

<u>Cash and cash equivalents</u>

The Group held cash and cash equivalents of $1,578,453,000 at 31 March 2023 (2022: $1,209,581,000), and this represents its maximum credit exposures on these assets. Short-term fixed 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, and with custodian bank are placed with reputable and 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 in negligible.

B. 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 liabilities in 2023 and 2022 are repayable on demand or due within 1 year from the end of the reporting period.

C. Market risk

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

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's primary exposure to foreign exchange risk is from unit trust investments managed by professional fund managers and denominated in US dollar. The Group's quoted debt investments denominated in US dollar are hedged to Singapore dollar via forward foreign exchange contracts as at the end of the financial year.

Foreign exchange risk sensitivity

The sensitivity analyses below have been determined based on the risk exposure 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 amounts:

	Group and Board	
	2023	**2022**
	$'000	**$'000**
Surplus before tax and Consolidated Fund		
US dollar (5% strengthening of the Singapore dollar)	(42,415)	(51,201)
US dollar (5% weakening of the Singapore dollar)	42,415	51,201

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to short-term fixed deposits, cash with AGD, and quoted debt investments managed by professional fund managers. 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. Changes in interest rates may also result in market price fluctuations for the Group's quoted debt investments and bond futures contracts.

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**	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Variable rate instruments				
Short-term fixed deposits	340,000	120,000	20,000	–
Cash with AGD	867,760	757,180	867,760	757,180
	1,207,760	877,180	887,760	757,180
Fixed rate instruments				
Quoted debt investments	379,349	–	379,349	–
	1,587,109	877,180	1,267,109	757,180

Interest rate sensitivity for variable rate instruments

The sensitivity analyses below have been determined based on the risk exposure 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 respect of variable rate instruments, a reasonably possible change in interest rates, 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 amounts:

	Group		**Board**	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Surplus before tax and Consolidated Fund				
100 bp increase	12,078	8,772	8,878	7,572
100 bp decrease	(12,078)	(8,772)	(8,878)	(7,572)

Interest rate sensitivity for fixed rate instruments

As the interest rates of such interest-bearing financial instruments are fixed over the contractual period, a change in interest rates at the reporting date would not affect profit or loss.

Market price risk

At the reporting date, the Group's exposure to market price risk arises from:

	Group and Board	
	2023	**2022**
	$'000	**$'000**
Unit trust investments	3,280,289	3,990,193
Quoted debt investments	379,349	–
Bond futures contracts (Notional amount)	(5,824)	–
	3,653,814	3,990,193

The Group's portfolio is managed by professional fund managers and is diversified in accordance with its investment mandate to manage exposure to fluctuation in market prices. The Group's investment strategies and policies are determined by Tote Board's Investment Committee and approved by the Board members of Tote Board.

Market price risk sensitivity

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

In respect of financial assets and liabilities at fair value through profit or loss, a reasonably possible change in underlying market 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 amounts:

	Group and Board	
	2023	**2022**
	$'000	**$'000**
Surplus before tax and Consolidated Fund		
500 bp increase	182,691	199,510
500 bp decrease	(182,691)	(199,510)

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.

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	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Financial assets measured at amortised cost				
Trade and other receivables (Note 10)	48,345	51,580	36,054	59,746
Cash and cash equivalents (Note 11)	1,578,453	1,209,581	900,201	780,394
	1,626,798	1,261,161	936,255	840,140
Financial assets measured at FVTPL				
Financial assets at fair value through profit or loss (Note 9)	3,659,648	3,990,193	3,659,648	3,990,193
Financial liabilities measured at FVTPL				
Financial liabilities at fair value through profit or loss (Note 9)	243	–	243	–
Financial liabilities measured at amortised cost				
Trade payables	127,994	106,700	5,399	3,742
Other payables and accruals (Note 17)	300,614	187,307	28,473	21,536
	428,608	294,007	33,872	25,278

Fair value

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

<u>Fair value hierarchy</u>

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 1	**Financial assets and liabilities at fair value through profit or loss (Note 9)** - Quoted debt investments - Exchange-traded bond futures contracts	The fair value is based on quoted prices in active markets for identical assets or liabilities.
Level 2	**Financial assets and liabilities at fair value through profit or loss (Note 9)** - Unit trust investments - Forward foreign exchange contracts	Unit trust investments The fair value is based on valuation provided by professional fund managers. Forward foreign exchange contracts The fair value is determined using valuation techniques with market observable inputs, such as forward pricing using present value calculations.

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 2023 and 2022.

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

Singapore Turf Club to close its facility by March 2027 (“facility close”)

On 5 June 2023, the Ministry of Finance together with the Ministry of National Development released a press statement announcing that the Singapore Turf Club will close its facility at the Kranji racecourse by March 2027. The land will be returned to the Singapore Government for redevelopment.

The last race meeting is scheduled to take place in October 2024. As the contribution from Singapore races to the Group's income is not significant, the facility close is not expected to significantly impact the financial performance of the Group for the next 12 months.

As the winding down exercise is to be carried out over the next 3 to 4 years, the impact to the financial statements of the Group and the Board will be assessed accordingly.