FINANCIAL STATEMENTS

Singapore Totalisator Board

Annual Report 2019/2020

CONTENTS

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

STATEMENT BY THE SINGAPORE TOTALISATOR BOARD

In our opinion:

(a) the accompanying financial statements of the Singapore Totalisator Board (the "Board") and its subsidiaries (the "Group") as set out on pages FS1 to FS51 are drawn up in accordance with the provisions of Public Sector (Governance) Act 2018, Act 5 of 2018 (the "Public Sector (Governance) Act"), the Singapore Totalisator Board Act (Chapter 305A, Revised Edition 2012) 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 2020, 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 (Chapter 305A, Revised Edition 2012) 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; and

(d) 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 Singapore Companies Act, Chapter 50.

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

On behalf of the Board

Moses Lee
Chairman

Fong Yong Kian
Chief Executive

7 September 2020

INDEPENDENT AUDITOR'S REPORT

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 2020, 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 FS51.

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, Act 5 of 2018 (the "Public Sector (Governance) Act"), the Singapore Totalisator Board Act (Chapter 305A, Revised Edition 2012) 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 2020 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 *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.

INDEPENDENT AUDITOR'S REPORT

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

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.

INDEPENDENT AUDITOR'S REPORT

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

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.

Other matter

The consolidated financial statements of the Group for the year ended 31 March 2019 were audited by another firm of Chartered Accountants whose report dated 4 July 2019 expressed an unmodified opinion on those statements.

INDEPENDENT AUDITOR'S REPORT

SINGAPORE TOTALISATOR BOARD
AND ITS SUBSIDIARIES

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 (Chapter 305A, Revised Edition 2012) 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 the subsidiaries incorporated in Singapore of which we are the auditors have been kept with the provisions of Singapore Companies Act, Chapter 50.

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 (Chapter 305A, Revised Edition 2012) 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.

INDEPENDENT AUDITOR'S REPORT

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

Auditor's Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Public Sector (Governance) Act, the Singapore Totalisator Board Act (Chapter 305A, Revised Edition 2012) 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
7 September 2020

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	Group 2020 $	Group 2019 $	Board 2020 $	Board 2019 $
Non-current assets					
Property, plant and equipment	4	469,707,961	481,086,608	288,768,798	306,040,247
Right-of-use assets	5	74,160,772	–	1,840,168	–
Intangible assets	6	93,862,959	88,094,845	19,623	39,246
Investment in subsidiaries	7	–	–	169,569,391	152,569,391
Club memberships	8	378,800	234,400	28,800	28,800
		638,110,492	569,415,853	460,226,780	458,677,684
Current assets					
Financial assets at fair value through profit or loss	9	3,369,832,553	3,418,058,343	3,369,832,553	3,418,058,343
Trade and other receivables	10	60,446,217	75,957,768	74,339,229	130,009,093
Cash and cash equivalents	11	1,230,777,808	1,329,309,126	910,673,195	937,238,880
		4,661,056,578	4,823,325,237	4,354,844,977	4,485,306,316
Total assets		5,299,167,070	5,392,741,090	4,815,071,757	4,943,984,000
Capital and reserves and liabilities					
Capital account	12	295,075,118	295,075,118	295,075,118	295,075,118
Accumulated surpluses		4,461,186,115	4,562,121,737	4,322,961,395	4,433,570,547
Total capital and reserves		4,756,261,233	4,857,196,855	4,618,036,513	4,728,645,665
Non-current liabilities					
Deferred tax liabilities	13	8,453,252	7,042,399	–	–
Deferred capital grants	14	167,371,201	177,941,545	167,371,201	177,941,545
Provision for restoration costs	15	7,485,694	3,924,940	–	–
Lease liabilities	23	52,333,559	–	945,306	–
		235,643,706	188,908,884	168,316,507	177,941,545
Current liabilities					
Government grants received in advance	16	42,018	42,018	42,018	42,018
Trade payables		85,524,883	94,417,332	7,416,617	–
Other payables and accruals	17	198,666,105	232,683,904	20,347,892	25,948,651
Provision for restoration costs	15	171,605	3,692,254	–	–
Current tax payable		2,775,505	4,393,722	–	–
Provision for contribution to Consolidated Fund	18	–	11,406,121	–	11,406,121
Lease liabilities	23	20,082,015	–	912,210	–
		307,262,131	346,635,351	28,718,737	37,396,790
Total liabilities		542,905,837	535,544,235	197,035,244	215,338,335
Total capital and reserves and liabilities		5,299,167,070	5,392,741,090	4,815,071,757	4,943,984,000

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

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME YEAR ENDED 31 MARCH 2020

	Note	Group 2020 $	Group 2019 $	Board 2020 $	Board 2019 $
Income from betting and gaming activities	19	699,187,306	763,815,177	744,820,248	810,306,717
Other operating income	19	35,908,467	33,820,576	36,462,140	35,851,820
Total operating income		735,095,773	797,635,753	781,282,388	846,158,537
Staff costs	19	(129,354,754)	(133,415,201)	(42,192,717)	(54,466,856)
Racing and related expenses	19	(81,834,721)	(84,706,096)	(60,731,950)	(80,341,405)
Depreciation of property, plant and equipment	4	(40,800,125)	(49,707,092)	(27,516,571)	(36,931,632)
Depreciation of right-of-use assets	5	(20,073,677)	–	(897,663)	–
General administrative expenses		(47,346,973)	(61,401,663)	(9,398,359)	(23,499,122)
Office and property related expenses		(21,022,390)	(18,700,943)	(13,665,142)	(15,124,744)
Upkeep of property, plant and equipment		(23,580,514)	(23,138,107)	(13,487,876)	(15,708,261)
Information technology expenses		(24,006,279)	(20,572,239)	(6,800,305)	(13,364,603)
Amortisation of intangible assets	6	(12,448,844)	(13,729,460)	(19,623)	(19,623)
Agency fees		–	–	(212,496,362)	(209,554,202)
Reimbursement of horse racing wagering operation	20	–	–	(75,800,000)	(23,421,754)
Total operating expenditure		(400,468,277)	(405,370,801)	(463,006,568)	(472,432,202)
Total operating surplus		334,627,496	392,264,952	318,275,820	373,726,335
Non-operating income/(expenditure)					
Finance (costs)/income, net	21	(69,862,444)	33,586,994	(63,340,137)	39,745,189
Casino entry levy		116,613,190	124,929,675	116,613,190	124,929,675
Reversal of impairment loss of club memberships	8	587,400	–	–	–
Amortisation of deferred capital grants	14	10,570,344	10,933,432	10,570,344	10,933,432
Gain on disposal of property, plant and equipment		4,449,027	23,292	273,932	23,292
Loss on disposal club membership		(26,150)	(41,223)	–	–
Property related expenses		(7,575)	(4,518)	–	–
Rental and other income		1,131,674	1,914,461	–	–
Insurance claim proceeds		–	86,149	–	86,149
Interest expense – Right-of- use assets	23	(1,592,995)	–	(42,823)	–
Others		181,451	–	–	5,755,623
Total non-operating surplus		62,043,922	171,428,262	64,074,506	181,473,360

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

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D) YEAR ENDED 31 MARCH 2020

		Group		Board	
	Note	**2020**	**2019**	**2020**	**2019**
		$	**$**	**$**	**$**
Total surplus		396,671,418	563,693,214	382,350,326	555,199,695
Donations		(493,001,313)	(488,138,551)	(492,959,478)	(488,104,868)
(Deficit)/surplus before tax and contribution to Consolidated Fund		(96,329,895)	75,554,663	(110,609,152)	67,094,827
Tax expense	22	(4,605,727)	(3,524,646)	–	–
(Deficit)/surplus before contribution to Consolidated Fund		(100,935,622)	72,030,017	(110,609,152)	67,094,827
Contribution to Consolidated Fund	18	–	(11,406,121)	–	(11,406,121)
(Deficit)/surplus for the year, representing total comprehensive (loss)/income for the year		(100,935,622)	60,623,896	(110,609,152)	55,688,706

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

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN CAPITAL AND RESERVES YEAR ENDED 31 MARCH 2020

	Share capital $	Accumulated surpluses $	Total $
Group			
At 1 April 2018	295,075,118	4,501,497,841	4,796,572,959
Total comprehensive income for the year	–	60,623,896	60,623,896
At 31 March 2019	295,075,118	4,562,121,737	4,857,196,855
Total comprehensive loss for the year	–	(100,935,622)	(100,935,622)
At 31 March 2020	295,075,118	4,461,186,115	4,756,261,233
Board			
At 1 April 2018	295,075,118	4,377,881,841	4,672,956,959
Total comprehensive income for the year	–	55,688,706	55,688,706
At 31 March 2019	295,075,118	4,433,570,547	4,728,645,665
Total comprehensive loss for the year	–	(110,609,152)	(110,609,152)
At 31 March 2020	295,075,118	4,322,961,395	4,618,036,513

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

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED 31 MARCH 2020

	Note	Group 2020 $	Group 2019 $
Cash flows from operating activities			
(Deficit)/surplus before tax and contribution to Consolidated Fund		(96,329,895)	75,554,663
Adjustments for:			
Reversal of impairment loss of club memberships	8	(587,400)	–
Amortisation of deferred capital grants	14	(10,570,344)	(10,933,432)
Amortisation of intangible assets	6	12,448,844	13,729,460
Depreciation of property, plant and equipment	4	40,800,125	49,707,092
Depreciation of right-of-use assets	5	20,073,677	–
Donations		493,001,313	488,138,551
Finance costs/(income), net		69,862,444	(33,586,994)
Interest expense – Right-of-use assets	23	1,592,995	–
Loss on disposal of club memberships		26,150	41,223
Gain on disposal of property, plant and equipment, net		(4,449,027)	(23,292)
Gain on disposal of intangible assets		(63,322)	–
Operating profit before movements in working capital		525,805,560	582,627,271
Trade receivables		14,099,783	9,026,944
Deposits, prepayments and other receivables		3,390,582	(5,959,077)
Trade payables		(8,892,449)	24,486,308
Other payables and accruals		(36,401,741)	(14,269,569)
Cash generated from operations		498,001,735	595,911,877
Donations paid		(493,001,313)	(488,138,551)
Contribution to Consolidated Fund		(11,406,121)	(24,612,250)
Income taxes paid, net		(4,813,091)	(5,562,116)
Staff loans granted		(6,800)	–
Net cash (used in)/from operating activities		(11,225,590)	77,598,960
Cash flows from investing activities			
(Acquisition)/disposal of financial assets at fair value through profit or loss, net		(59,199,814)	20,564,475
Acquisition of property, plant and equipment	A	(48,912,153)	(34,878,146)
Proceeds from disposal of property, plant and equipment		4,776,739	62,412
Proceeds from disposal of club membership		416,850	127,627
Proceeds from disposal of intangible assets		211,109	–
Payment for intangible assets		–	(4,717,625)
Interest received	B	21,775,237	13,983,688
Dividend received		9,669,294	8,628,788
Investment management fee rebate received	C	4,146,615	3,868,305
Net cash (used in)/from investing activities		(67,116,123)	7,639,524

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

SINGAPORE TOTALISATOR BOARD
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)
YEAR ENDED 31 MARCH 2020

	Note	Group 2020 $	Group 2019 $
Cash flows from financing activity			
Repayment of lease liabilities		(20,189,605)	–
Net cash used in financing activity		(20,189,605)	–
Net (decrease)/increase in cash and cash equivalents		(98,531,318)	85,238,484
Cash and cash equivalents at beginning of the year		1,329,309,126	1,244,070,642
Cash and cash equivalents at end of the year	11	1,230,777,808	1,329,309,126

Note:

A. During the year, the Group acquired property, plant and equipment with an aggregate cost of $51,292,699 (2019: $28,735,422) of which $3,423,138 (2019: $1,042,592) relates to accruals.

B. During the year, the Group recognised interest income of $23,625,086 (2019: $19,059,365) of which $12,288,765 (2019: $10,438,916) is not yet received and recorded as interest receivable.

C. During the year, the Group recognised investment management fee rebate income of $4,268,780 (2019: $3,754,534) of which $951,930 (2019: $829,765) is not yet received and recorded as investment management fee rebate receivable.

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

SINGAPORE TOTALISATOR BOARD
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

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 on 7 September 2020.

1. Domicile and activities

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

As a statutory board, the Board is subject to the directions of the Ministry of Finance (the "Ministry") and is required to implement policies and policy changes as determined by the Ministry. The principal activities of the Board are those relating to operating totalisators, lotteries and other betting and gaming activities, conducting equine research and carrying on other activities for the improvement of racing generally. These activities are carried out by the Singapore Totalisator Board's two agents, the Singapore Turf Club (proprietary club of the Board) and Singapore Pools (Private) Limited (subsidiary of the Board). On 7 January 2019, Singapore Pools (Private) Limited took over the management and operations of horse betting from Singapore Turf Club (Note 20).

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

The financial statements of the Board encompass the financial statements of the Board, Singapore Turf Club and the agency operations managed by Singapore Pools (Private) Limited.

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

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of Public Sector (Governance) Act and the Statutory Board Financial Reporting Standards (SB-FRSs). 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.

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

This is the first set of the Group's annual financial statements in which SB-FRS 116 *Leases* has been applied. The related changes to significant accounting policies are described in Note 2.5.

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.

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. This includes a finance team that has an overall responsibility for all significant fair value measurements and reports directly to the Group Financial Controller.

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 28 – Classification and fair value of financial instruments.

2.5 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 2019:

- SB-FRS 116 *Leases*
- *Prepayment Features with Negative Compensation* (Amendments to SB-FRS 109)

Other than SB-FRS 116, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

SB-FRS 116 *Leases*

The Group applied SB-FRS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in accumulated surpluses at 1 April 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under SB-FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SB-FRS 116 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under INT SB-FRS 104 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SB-FRS 116.

On transition to SB-FRS 116, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SB-FRS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SB-FRS 17 and INT SB-FRS 104 were not reassessed for whether there is a lease under SB-FRS 116. Therefore, the definition of a lease under SB-FRS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee

As a lessee, the Group leases many assets including betting outlets, off-course betting centres and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SB-FRS 116, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet. The Group decided to apply recognition exemptions to short-term leases and leases of low-value assets.

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 price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SB-FRS 17

Previously, the Group classified property leases as operating leases under SB-FRS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities incremental borrowing rates applicable to the leases as at 1 April 2019. Right-of-use assets are measured at their carrying amount as if SB-FRS 116 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application: the Group applied this approach to all betting outlets, off-course betting centres and IT equipment.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SB-FRS 116 to leases previously classified as operating leases under SB-FRS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

As a lessor

The Group leases out its own property. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to SB-FRS 116 for leases in which it acts as a lessor, except for a sub-lease.

Impact on financial statements

Impact on transition*

On transition to SB-FRS 116, the Group used the modified retrospective approach and therefore recognised additional right-of-use assets, and additional lease liabilities without restating comparative information. The impact on transition is summarised below.

	1 April 2019 $
Right-of-use assets	92,512,779
Lease liabilities	89,334,015

*As at 1 April 2019, the right-of-use assets included an amount of $3,178,764 pertaining to restoration costs reclassified from property, plant and equipment (Note 4 and Note 5). For the impact of SB-FRS 116 on profit or loss for the period, see Note 23. For the details of accounting policies under SB-FRS 116 and SB-FRS 17, see Note 3.6.

**SINGAPORE TOTALISATOR BOARD
AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020**

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 2.0%.

	1 April 2019 $
Operating lease commitments at 31 March 2019 as disclosed under SB-FRS 17 in the Group's financial statements	35,545,636
Discounted using the incremental borrowing rate at 1 April 2020	32,157,755
Adjustment to opening operating lease commitments for contracts previously not disclosed under SB-FRS 17	24,012,549
Non-lease components	(99,429)
Extension options reasonably certain to be exercised	33,263,140
Lease liabilities recognised at 1 April 2019	89,334,015

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 control is transferred to the Group.

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.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SB-FRSs.

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

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

(ii) Subsidiaries

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

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(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 gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. 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

Non-derivative financial assets and financial liabilities

Trade receivables issued 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

Non-derivative financial assets

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

Non-derivative 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.

(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 substantially all of the risks and rewards of ownership of the financial asset are transferred or in which 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.

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. In these cases, the transferred assets are not derecognised.

Financial liabilities

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

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

3.4 Impairment

(i) Non-derivative financial assets and contract assets

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

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 borrower 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 borrower 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;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets 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 to sell. 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.

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;
- 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; and
- Capitalised borrowing costs.

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.

Assets costing less than $1,000 per unit are charged to profit or loss in the year of purchase.

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

SINGAPORE TOTALISATOR BOARD
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

(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. Land is not depreciated.

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 (over remaining lease term)
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

The Group has applied SB-FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SB-FRS 17 and INT SB-FRS 104. The details of accounting policies under SB-FRS 17 and INT SB-FRS 104 are disclosed separately.

Policy applicable from 1 April 2019

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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SB-FRS 116.

This policy is applied to contracts entered into, on or after 1 April 2019.

(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 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.

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, 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.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SB-FRS 116 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Leases - Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

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

3.7 Intangible assets and goodwill

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Intangible assets are tested for impairment in accordance with the policy below.

(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 and brands, 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 for the purchase of depreciable property, plant and equipment are taken direct to the deferred capital grants account, and included in non-current liabilities in the statement of financial position.

The deferred capital grants are recognised in profit or loss as non-operating income over the periods necessary to match the depreciation and gain or loss on disposal or write-off of property, plant and equipment purchased with the related grants.

3.11 Revenue

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

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

Totalisator revenue

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

Games and lotteries

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

Gate admission fees

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

Racing management, betting and other revenue

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

Dividend income

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

Interest income

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

**SINGAPORE TOTALISATOR BOARD
AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020**

Rental income

Rental income is recognised in manner described in the accounting policies for leases above.

Casino entry levy

Casino entry levy is recognised when the Board obtains control of the resources or has an enforceable claim to the resources, it is probable that the economic benefits associated with the asset will flow to the Statutory Board and the amount of the resources flowed in can be measured reliably.

3.12 Donations

Donations 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 (Chapter 134, 2014 Revised Edition). The subsidiaries of the Board are subject to local tax legislation.

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

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 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, 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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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 2019 and earlier application is permitted; however, the Group and the Board have not early adopted the new or amended standards and interpretations in preparing these financial statements.

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

- *Amendments to References to Conceptual Framework in SB-FRS Standards*
- *Definition of a Business* (Amendments to SB-FRS 103)
- *Definition of Material* (Amendments to SB-FRS 1 and SB-FRS 8)

4. Property, plant and equipment

Group	Leasehold land $	Buildings $	Computer and betting equipment $	Audio visual, laboratory, cooling and other equipment/ systems $	Other assets $	Capital work-in-progress $	Total $
Cost							
At 1 April 2018	123,546,569	539,799,689	127,356,985	158,393,592	365,471,600	8,037,388	1,322,605,823
Additions	–	2,096	4,187,402	1,269,286	2,352,915	20,923,723	28,735,422
Disposals	–	(4,520)	(24,745,320)	(13,409,241)	(2,311,221)	–	(40,470,302)
Transfers to intangible assets (Note 6)	–	–	–	–	–	(2,265,140)	(2,265,140)
Reclassifications	–	201,773	478,330	5,778,419	1,861,053	(8,319,575)	–
At 31 March 2019	123,546,569	539,999,038	107,277,397	152,032,056	367,374,347	18,376,396	1,308,605,803
Additions	17,655,101	–	5,574,113	1,438,726	2,363,483	24,261,276	51,292,699
Disposals	–	(1,692,571)	(1,248,592)	(1,329,756)	(4,599,530)	(48,919)	(8,919,368)
Transfers to right-of-use and intangible assets (Note 5 & 6)	–	–	–	–	(4,758,542)	(18,364,745)	(23,123,287)
Reclassifications	–	–	5,836,374	3,163,587	2,620,234	(11,620,195)	–
At 31 March 2020	141,201,670	538,306,467	117,439,292	155,304,613	362,999,992	12,603,813	1,327,855,847

Group (cont'd)	Leasehold land $	Buildings $	Computer and betting equipment $	Audio visual, laboratory, cooling and other equipment/ systems $	Other assets $	Capital work-in-progress $	Total $
Accumulated depreciation							
At 1 April 2018	11,885,858	234,218,145	106,612,985	137,065,014	328,461,283	–	818,243,285
Depreciation for the year	1,455,689	16,420,726	10,643,492	8,912,251	12,274,934	–	49,707,092
Disposals	–	(1,266)	(24,742,891)	(13,406,086)	(2,280,939)	–	(40,431,182)
At 31 March 2019	13,341,547	250,637,605	92,513,586	132,571,179	338,455,278	–	827,519,195
Depreciation for the year	1,514,214	16,028,348	10,657,362	6,199,157	6,401,044	–	40,800,125
Disposals	–	(1,506,919)	(1,179,667)	(1,325,229)	(4,579,841)	–	(8,591,656)
Transfers to right-of-use assets (Note 5)	–	–	–	–	(1,579,778)	–	(1,579,778)
At 31 March 2020	14,855,761	265,159,034	101,991,281	137,445,107	338,696,703	–	858,147,886
Carrying amounts							
At 1 April 2018	111,660,711	305,581,544	20,744,000	21,328,578	37,010,317	8,037,388	504,362,538
At 31 March 2019	110,205,022	289,361,433	14,763,811	19,460,877	28,919,069	18,376,396	481,086,608
At 31 March 2020	126,345,909	273,147,433	15,448,011	17,859,506	24,303,289	12,603,813	469,707,961

As at 31 March 2020, capital work-in-progress includes $4,243,455 (2019: $11,547,080) of work-in-progress that will be transferred to intangible assets upon becoming ready for use.

Board	Leasehold land $	Buildings $	Computer and betting equipment $	Audio visual, laboratory, cooling and other equipment/ systems $	Other assets $	Capital work-in-progress $	Total $
Cost							
At 1 April 2018	2,629,701	498,431,176	75,925,262	158,393,592	305,155,104	1,634,601	1,042,169,436
Additions	–	2,096	156,674	1,269,286	362,118	7,484,107	9,274,281
Disposals	–	(4,520)	(23,262,372)	(13,409,241)	(1,966,496)	–	(38,642,629)
Transfers (Note 20)	–	(182,493)	(35,722,964)	(15,813,980)	(33,099,120)	–	(84,818,557)
Reclassifications	–	201,773	249,355	5,778,419	1,598,473	(7,828,020)	–
At 31 March 2019	2,629,701	498,448,032	17,345,955	136,218,076	272,050,079	1,290,688	927,982,531
Additions	–	–	384,062	1,438,726	484,791	8,096,039	10,403,618
Disposals	–	(272,571)	(138,849)	(1,329,756)	(1,046,242)	(48,919)	(2,836,337)
Reclassifications	–	–	309,768	3,163,587	2,603,725	(6,077,080)	–
At 31 March 2020	2,629,701	498,175,461	17,900,936	139,490,633	274,092,353	3,260,728	935,549,812
Accumulated depreciation							
At 1 April 2018	1,332,085	215,126,975	65,189,093	137,065,014	279,738,575	–	698,451,742
Depreciation for the year	16,170	15,301,634	4,290,481	8,912,251	8,411,096	–	36,931,632
Disposals	–	(1,266)	(23,262,272)	(13,406,086)	(1,958,218)	–	(38,627,842)
Transfers (Note 20)	–	(19,154)	(29,275,538)	(13,745,136)	(31,773,420)	–	(74,813,248)
At 31 March 2019	1,348,255	230,408,189	16,941,764	118,826,043	254,418,033	–	621,942,284
Depreciation for the year	16,170	14,907,851	334,807	6,199,157	6,058,586	–	27,516,571
Disposals	–	(181,586)	(138,849)	(1,325,229)	(1,032,177)	–	(2,677,841)
At 31 March 2020	1,364,425	245,134,454	17,137,722	123,699,971	259,444,442	–	646,781,014
Carrying amounts							
At 1 April 2018	1,297,616	283,304,201	10,736,169	21,328,578	25,416,529	1,634,601	343,717,694
At 31 March 2019	1,281,446	268,039,843	404,191	17,392,033	17,632,046	1,290,688	306,040,247
At 31 March 2020	1,265,276	253,041,007	763,214	15,790,662	14,647,911	3,260,728	288,768,798

SINGAPORE TOTALISATOR BOARD
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

5. Right-of-use assets

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

	Buildings $	IT equipment $	Total $
Group			
Balance at 1 April 2019*	91,731,448	781,331	92,512,779
Modifications	830,557	–	830,557
Additions	756,587	134,526	891,113
Depreciation charge for the year	(19,662,493)	(411,184)	(20,073,677)
Balance at 31 March 2020	73,656,099	504,673	74,160,772
Board			
Balance at 1 April 2019	2,603,305	–	2,603,305
Additions	–	134,526	134,526
Depreciation charge for the year	(867,768)	(29,895)	(897,663)
Balance at 31 March 2020	1,735,537	104,631	1,840,168

* As at 1 April 2019, buildings included an amount of $3,178,764 pertaining to the net book value of restoration costs which was reclassified from "Other assets" in property, plant and equipment (Note 4).

6. Intangible assets

	Group		Board	
	2020 $	2019 $	2020 $	2019 $
Software development expenditure	36,293,568	30,525,454	19,623	39,246
Goodwill arising on consolidation	57,569,391	57,569,391	–	–
	93,862,959	88,094,845	19,623	39,246

Software development expenditure

	Group		Board	
	2020 $	2019 $	2020 $	2019 $
Cost				
At 1 April	92,786,621	85,803,856	101,535	101,535
Additions during the year	–	4,717,625	–	–
Transfers from capital work-in-progress (Note 4)	18,364,745	2,265,140	–	–
Disposals/write-offs	(18,084,204)	–	–	–
At 31 March	93,067,162	92,786,621	101,535	101,535

	Group		Board	
	2020 $	2019 $	2020 $	2019 $
Accumulated amortisation				
At 1 April	62,261,167	48,531,707	62,289	42,666
Amortisation charged during the year	12,448,844	13,729,460	19,623	19,623
Disposals/write-offs	(17,936,417)	–	–	–
At 31 March	56,773,594	62,261,167	81,912	62,289
Carrying amounts				
At 1 April	30,525,454	37,272,149	39,246	58,869
At 31 March	36,293,568	30,525,454	19,623	39,246

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 amounts of the CGU are 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% (2019: 7%)
- Pre-tax discount rate of 7% (2019: 7%)
- The cash flow projections are based on actual operating results and management's 3-year financial projection of the operations for the years 2021 to 2023. 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 2020. 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 2020 and 2019.

7. Investment in subsidiaries

	Board	
	2020 $	2019 $
Unquoted equity shares, at cost	169,569,391	152,569,391
Movement in investment of subsidiaries		
Balance at beginning and end of year	169,569,391	152,569,391

SINGAPORE TOTALISATOR BOARD
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

During the year, the Board converted an amount due from a subsidiary amounting to $17,000,000 (2019: Nil) into additional investment in subsidiaries.

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	
			2020	2019
Held by the Board			%	%
Singapore Pools (Private) Limited	Singapore	To operate lotteries and sports betting as an agent on behalf of the Board	100	100
Held by Singapore Pools (Private) Limited				
Selegie Management Pte. Ltd.	Singapore	To provide services to manage and operate the Livewire operations at the Integrated Resorts premises	100	100

8. Club memberships

	Group		Board	
	2020 $	2019 $	2020 $	2019 $
At cost:				
At beginning of year	1,333,000	1,518,000	540,000	540,000
Disposals	(443,000)	(185,000)	–	–
At end of year	890,000	1,333,000	540,000	540,000
Less: Allowance for impairment losses	(511,200)	(1,098,600)	(511,200)	(511,200)
	378,800	234,400	28,800	28,800

Movements in the allowance for impairment losses:

	Group		Board	
	2020 $	2019 $	2020 $	2019 $
At 1 April	1,098,600	1,114,750	511,200	511,200
Reversal of impairment loss	(144,400)	–	–	–
Provision for impairment losses written off upon disposal	(443,000)	(16,150)	–	–
At 31 March	511,200	1,098,600	511,200	511,200

9. Financial assets at fair value through profit or loss

	Group and Board	
	2020	2019
	$	$
Unit trusts at fair value	3,369,832,553	3,418,058,343

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

10. Trade and other receivables

	Group		Board	
	2020	2019	2020	2019
	$	$	$	$
Trade receivables	5,277,023	19,376,806	–	–
Amounts due from a subsidiary	–	–	44,705,600	97,895,082
Deposits	1,449,121	1,688,750	33,761	281,552
Dividend receivable	2,807	2,807	2,807	2,807
Interest receivable	12,288,765	10,438,916	12,067,864	10,350,279
Staff loans	58,800	52,000	58,800	52,000
Casino entry levy receivable	7,959,700	10,967,900	7,959,700	10,967,900
Advances to retailers	12,781,000	16,377,150	–	–
Investment management fee rebate receivable	951,930	829,765	951,930	829,765
Other receivables	4,279,011	4,023,047	2,520,161	2,754,536
	45,048,157	63,757,141	68,300,623	123,133,921
GST receivable	5,396,359	5,905,141	5,396,359	5,905,141
Prepayments	10,001,701	6,295,486	642,247	970,031
	60,446,217	75,957,768	74,339,229	130,009,093

Trade and other receivables are principally denominated in Singapore dollar.

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

The Group's and the Board's exposure to credit risks and impairment loss related to trade and other receivables are disclosed in Note 27.

Loss allowance for trade receivables has been measured at an amount equal to ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate. A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no prospect of recovery.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

SINGAPORE TOTALISATOR BOARD
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

11. Cash and cash equivalents

	Group		Board	
	2020 $	2019 $	2020 $	2019 $
Short-term bank deposits	213,700,000	176,100,000	–	–
Cash at bank and in hand	140,379,373	237,484,281	33,974,760	21,514,035
Cash with AGD	876,698,435	915,724,845	876,698,435	915,724,845
	1,230,777,808	1,329,309,126	910,673,195	937,238,880

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

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

Short-term bank deposits at the statement of financial position date have an average maturity of 0.8 months (2019: 0.5 months) from the end of the financial year with the weighted average effective annual interest rates of 1.2% (2019: 1.69%) per annum.

The interest rate of cash with AGD, defined as the ratio of the interest earned to the average cash balance, ranged from 1.67% to 2.13% (2019: 1.44% to 1.98%) per annum.

The Group's and the Board's exposure to interest rate risk for financial assets and liabilities are disclosed in Note 27.

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 $	Accelerated tax depreciation $	Total $
At 1 April 2018	–	8,154,494	8,154,494
Credit to profit or loss for the year (Note 22)	–	(1,112,095)	(1,112,095)
At 31 March 2019	–	7,042,399	7,042,399
Debit to profit or loss for the year (Note 22)	(250,988)	1,661,841	1,410,853
At 31 March 2020	(250,988)	8,704,240	8,453,252

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

14. Deferred capital grants

	Group and Board	
	2020 $	2019 $
At 1 April	177,941,545	188,874,977
Amortisation for the year	(10,570,344)	(10,933,432)
At 31 March	167,371,201	177,941,545

15. Provision for restoration costs

	Group		Board	
	2020 $	2019 $	2020 $	2019 $
At beginning of year	7,617,194	7,617,194	–	6,555,573
Write back of provisions (Note 20)	–	–	–	(6,555,573)
Provision made during the year	40,105	–	–	–
At end of year	7,657,299	7,617,194	–	–
Classified as:				
Non-current	7,485,694	3,924,940	–	–
Current	171,605	3,692,254	–	–
	7,657,299	7,617,194	–	–

16. Government grants received in advance

Government grants were received for the development of the Kranji race course and the amount as at 31 March 2020 and 2019 represent the unutilised portion of the grant.

17. Other payables and accruals

	Group		Board	
	2020 $	2019 $	2020 $	2019 $
Accrued operating expenses	163,301,468	215,000,613	13,364,129	23,736,764
Advance sales	26,194,792	12,999,620	–	–
Other payables	7,332,983	2,211,887	6,983,763	2,211,887
Amount due to a related party (Note 24)	1,836,862	2,471,784	–	–
	198,666,105	232,683,904	20,347,892	25,948,651

SINGAPORE TOTALISATOR BOARD
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

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

Other payables and accruals are primary denominated in Singapore dollar and their carrying amounts approximate their fair values.

The Group's and the Board's exposures to currency and to liquidity risks related to trade and other payables are disclosed in Note 27.

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 (Chapter 319A, 2004 Revised Edition). 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% (2019: 17%). The Board is allowed to carry forward the prior year's accounting deficit to offset against accounting surplus for the year. As of 31 March 2020, the Board has $110,609,152 (2019: Nil) accounting loss to be carried forward.

Under Section 13 (1) (e) and the First Schedule of the Singapore Income Tax Act (Chapter 134, 2014 Revised Edition), the income of the Board is exempt from income tax.

19. Operating surplus

A. Income from betting and gaming activities

	Totalisator $	Lotteries and Sports betting $	Total $
Group			
2020			
Turnover^	997,496,223	7,898,733,017	8,896,229,240
Dividends or prizes paid	(789,294,085)	(5,470,203,168)	(6,259,497,253)
Betting tax	(54,666,849)	(1,837,244,890)	(1,891,911,739)
Commission	–	(45,632,942)	(45,632,942)
Dividends, prizes and other expenses	(843,960,934)	(7,353,081,000)	(8,197,041,934)
Income from betting and gaming activities	153,535,289	545,652,017	699,187,306
2019			
Turnover^	1,058,435,234	8,098,327,178	9,156,762,412
Dividends or prizes paid	(838,585,845)	(5,571,285,788)	(6,409,871,633)
Betting tax	(57,710,855)	(1,877,620,240)	(1,935,331,095)
Commission	–	(47,744,507)	(47,744,507)
Dividends, prizes and other expenses	(896,296,700)	(7,496,650,535)	(8,392,947,235)
Income from betting and gaming activities	162,138,534	601,676,643	763,815,177

	Totalisator	Lotteries and Sports betting	Total
	$	$	$
Board			
2020			
Turnover^	997,496,223	7,898,733,017	8,896,229,240
Dividends or prizes paid	(789,294,085)	(5,470,203,168)	(6,259,497,253)
Betting tax	(54,666,849)	(1,837,244,890)	(1,891,911,739)
Dividends, prizes and other expenses	(843,960,934)	(7,307,448,058)	(8,151,408,992)
Income from betting and gaming activities	153,535,289	591,284,959	744,820,248
2019			
Turnover^	1,058,435,234	8,098,327,178	9,156,762,412
Dividends or prizes paid	(838,585,845)	(5,571,285,788)	(6,409,871,633)
Betting tax	(57,710,855)	(1,877,620,240)	(1,935,331,095)
Commission	(1,252,967)	–	(1,252,967)
Dividends, prizes and other expenses	(897,549,667)	(7,448,906,028)	(8,346,455,695)
Income from betting and gaming activities	160,885,567	649,421,150	810,306,717

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

B. Other operating income

	Group		Board	
	2020	2019	2020	2019
	$	$	$	$
Gate admission fees	10,071,359	11,118,147	3,362,415	9,448,550
Racing management and other revenue	17,349,773	15,618,368	22,596,433	17,284,161
Rental income	2,309,607	1,810,126	2,309,607	1,810,126
Members' subscription and entrance fees	1,270,257	1,285,275	1,270,257	1,285,275
Government grant – Special Employment/Wage Credit	1,167,033	1,480,612	267,810	703,806
Maternity and childcare leave	300,829	141,358	53,140	93,323
Sundry income	3,125,620	2,270,690	4,578,197	3,768,868
Others	313,989	96,000	2,024,281	1,457,711
	35,908,467	33,820,576	36,462,140	35,851,820

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

SINGAPORE TOTALISATOR BOARD
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

C. Staff costs

	Group		Board	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Wages and salaries	110,534,522	114,296,158	35,589,376	47,126,024
Contributions to defined contribution scheme	14,071,996	14,144,185	4,281,185	5,360,007
Others	4,748,236	4,974,858	2,322,156	1,980,825
	129,354,754	133,415,201	42,192,717	54,466,856

D. Racing and related expenses

Of the $81.8 million (2019: $84.7 million), $48.6 million (2019: $55.1 million) or 59.4% (2019: 65.1%) pertained to prize money paid to horse owners, trainers and jockeys of the winning horses.

20. Transfer of horse racing wagering operations

On 7 January 2019, Singapore Pools (Private) Limited took over the management and operations of horse betting from Singapore Turf Club, the proprietary club of the Board. This includes the taking over of the betting outlets at the Singapore Racecourse in Kranji, all Off-Course Betting centres and iTote, the remote horse betting application service.

The consolidation of betting operations into Singapore Pools (Private) Limited is part of a regular review of business operations to achieve synergies and improve cost efficiencies. The transfer within the Group has no impact to the Group's financial statements for the current and prior years.

During the year, the operating expenses incurred by Singapore Pools (Private) Limited in respect of the horse racing wagering operations of $75,800,000 (2019 : $23,421,754) are fully reimbursed by the Board.

21. Finance (costs)/income

	Group		Board	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Changes in carrying values of financial assets at fair value through profit or loss	–	2,285,334	–	2,285,334
Investment management fee rebate	4,268,780	3,754,534	4,268,780	3,754,534
Interest income	23,625,086	19,059,365	23,002,612	18,805,867
Dividend income derived from				
- Subsidiary	–	–	6,853,802	6,365,033
- Third parties	9,669,294	8,628,788	9,669,294	8,628,788
Finance income	37,563,160	33,728,021	43,794,488	39,839,556

	Group		Board	
	2020 $	2019 $	2020 $	2019 $
Changes in carrying values of financial assets at fair value through profit or loss	(107,127,087)	–	(107,127,087)	–
Exchange loss	(298,517)	(141,027)	(7,538)	(94,367)
Finance costs	(107,425,604)	(141,027)	(107,134,625)	(94,367)
Net finance (costs)/income recognised in profit or loss	(69,862,444)	33,586,994	(63,340,137)	39,745,189

22. Tax expense

The Board is a tax exempt institution under the provision of the Income Tax Act (Chapter 134, 2014 Revised Edition). The subsidiaries of the Board are subject to tax under Singapore income tax legislation.

	Group	
	2020 $	2019 $
Current tax expenses		
Current year	2,775,505	4,380,305
Tax rebates	(14,400)	–
Under provision in prior years	–	210,123
Withholding tax	433,769	46,313
	3,194,874	4,636,741
Deferred tax expense		
Reversal and origination of temporary differences	1,410,853	(1,112,095)
Tax expense	4,605,727	3,524,646
Reconciliation of effective tax rate		
(Deficit)/Surplus before tax	(96,329,895)	75,554,663
Tax using Singapore tax rate of 17% (2019: 17%)	(16,376,082)	12,844,293
Deficit/(Surplus) of the Board exempted from tax	19,027,243	(9,914,811)
Non-deductible expenses	1,552,622	367,514
Tax exempt income	(17,425)	(28,786)
Tax rebates	(14,400)	–
Under provision in prior years	–	210,123
Withholding tax	433,769	46,313
Tax expense	4,605,727	3,524,646

SINGAPORE TOTALISATOR BOARD
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

23. Lease liabilities

Leases as lessee (SB-FRS 116)

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

Previously, these leases were classified as operating leases under SB-FRS 17.

The Group leases certain IT equipment with contract terms of one year. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

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

Amounts recognised in profit or loss

	Group $	Board $
2020 – Leases under SB-FRS 116		
Interest on lease liabilities	1,592,995	42,823
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	157,237	157,237
	1,750,232	200,060
2019 – Operating leases under SB-FRS 17		
Lease expense	19,499,837	7,934,040

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

	Lease liabilities $
Balance at 1 April 2019 on initial application of SB-FRS 116	89,334,015
Changes from financing cash flows	
Payment of lease liabilities	(20,189,605)
Other liability-related changes	
Addition to lease liabilities	847,612
Modifications to lease liabilities	830,557
Interest expense	1,592,995
Total other changes	3,271,164
Balance at 31 March 2020	72,415,574
Classified as:	
Non-current	52,333,559
Current	20,082,015
	72,415,574

Extension options

Some property leases contain extension options exercisable by the Group from one year up to three years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group included the extension options when applying SB FRS 116, as a result the Group lease liability increased by $33,504,251.

Leases as lessor

The Group leases out its leasehold land and office building consisting of its owned commercial property. This lease is classified as operating leases from a lessor perspective.

Operating lease

Rental income from property lease recognised by the Group and Board during 2020 was $3,499,662 (2019: $3,724,587) and $2,309,607 (2019: $1,810,126) 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 $	Board $
2020 – Operating leases under SB FRS 116		
Less than one year	594,166	461,200
One to two years	90,000	–
Two to three years	15,000	–
Total	699,166	461,200
2019 – Operating leases under SB FRS 17		
Less than one year	2,566,533	855,685
Between one and five years	2,013,376	150,348
Total	4,579,909	1,006,033

24. Related company and party transactions

Related company transaction

Agency arrangement with subsidiary

The Board incurs an agency fee expense in return for the agency services rendered by the subsidiary.

On 23 July 2015, the Board entered into a revised agency arrangement with the subsidiary which take effect from 1 April 2015. Under the revised agency arrangement, the subsidiary collects revenue and pays betting duties relating to the gaming and lotteries business 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.

SINGAPORE TOTALISATOR BOARD
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

Under the previous agency arrangement, the subsidiary collected revenue and paid expenses relating to the gaming and lotteries business for and on behalf of the Board. All such income and expenses (including depreciation and amortisation) were borne by the Board and brought directly to the Board's financial statements.

Consequent to the change in the agency arrangement, agency fee is computed based on a revised rate and composition as agreed by the parties concerned.

Related party transactions

The Board is a statutory board established under the Singapore Totalisator Board Act (Chapter 305A, 2012 Revised Edition). As a statutory board, all government ministries, other statutory boards including their companies are deemed related parties to the Group.

During the financial year, the Board engaged in various transactions including donations in the ordinary course of its operations with entities related to the Board at prevailing prices or on customary terms and conditions. These transactions could have been replaced with other parties on similar terms and conditions except for the following:

	Group	
	2020	**2019**
	$	**$**
Government-linked companies		
Police and security services fee expenses	111,553	1,140,515

Compensation of the Board members of Singapore Totalisator Board ("Tote Board"), directors and key management personnel

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

	Group	
	2020	**2019**
	$	**$**
Short-term benefits	6,517,416	9,141,021
Post-employment benefits - contribution to CPF	274,168	325,846
	6,791,584	9,466,867

Included in key management personnel compensation are compensation for:

	Group	
	2020	**2019**
	$	**$**
Board members of Tote Board	168,770	177,205
Directors of a subsidiary	903,901	1,415,131
	1,072,671	1,592,336

25. Commitments

Future capital commitments

As at 31 March 2020, the capital expenditures approved and contracted but not provided for in the financial statements are as follows:

	Group		Board	
	2020	2019	2020	2019
	$	$	$	$
Property, plant and equipment	17,833,214	21,313,593	3,508,167	1,763,732

Donations approved and committed but not disbursed

	Group		Board	
	2020	2019	2020	2019
	$	$	$	$
Approved, but not recognised in the financial statements	2,783,908,556	2,668,716,478	2,783,908,556	2,668,707,583

26. Contingent liabilities

There is an unsecured contingent liability in respect of amounts to be paid to certain categories of employees or their dependents in the event of the employee's death or permanent disability. The maximum amount to be paid is approximately $390,000 (2019 : $384,912) for Singapore Turf Club.

27. Financial instruments

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market 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.

Risk management framework

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

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

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

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

Credit risk

Credit risk is defined as the potential loss arising from failure by counterparties to fulfil their obligations as and when they fall due. The Group has policies in place to only deal with counterparties who meet certain credit requirements, and where considered necessary, requires collateral to reduce its risk.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are unit trusts managed by professional fund managers, bank deposits and trade receivables. The Group limits its credit risk exposure in respect of investments by placing its funds only with professional fund managers recommended by an investment consultant or awarded by AGD under the Demand Aggregation II Scheme. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral, where appropriate, to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. Trade and other receivables that are neither past due nor impaired have been assessed to be creditworthy based on the credit evaluation process performed by management. The Group only grants credit to creditworthy counterparties. Cash is held with creditworthy institutions and is subject to immaterial credit loss.

Exposure to credit risk

Trade receivables and advances to retailers

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.

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 $22,265,000 (2019: $23,535,000).

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

	Group			
	2020		2019	
	Not credit impaired $	Credit impaired $	Not credit impaired $	Credit impaired $
Not past due	4,516,239	–	18,905,745	–
Past due 1 – 90 days	760,045	–	471,061	–
Past due 91 – 180 days	739	–	–	–
Total gross carrying amount	5,277,023	–	19,376,806	–
Loss allowance	–	–	–	–
	5,277,023	–	19,376,806	–

The average credit period is 30 days (2019: 30 days).

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

	Group	
	2020	2019
By types of customer	$	$
Distributors	231,194	432,041
Retailers	14,003,815	22,448,896
Others	3,823,014	12,873,019
	18,058,023	35,753,956

The Group does not hold any collateral in respect of its financial assets.

Other receivables

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

The Group limits its credit risk exposure in respect of investments by only investing in liquid funds that are regulated by the respective regulators of the jurisdictions in which the funds are domiciled.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2020

Cash and cash equivalents

The Group held cash and cash equivalents of $1,230,777,808 at 31 March 2020 (2019: $1,329,309,126), and this represents its maximum credit exposures on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are rated AA- to AA+ based on Moody's ratings.

The cash with AGD under Centralised Liquidity Management are placed with regulated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Group and Board are 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.

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

Market risk

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

Foreign exchange risk

The Group operates solely in Singapore. The Group's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies. The Group does not engage in speculative foreign exchange transactions. Accordingly, no sensitivity analysis is prepared.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the interest-bearing debt securities, fixed deposits and cash with Accountant-General's Department ("AGD"). The interest rates for cash with AGD are based on deposit rates determined by the financial institutions with which the cash are deposited and are expected to move in tandem with market interest rate movements.

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

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

	Group		Board	
	2020	2019	2020	2019
	$	$	$	$
Variable rate instruments				
Short-term bank deposits	213,700,000	176,100,000	–	–
Cash with AGD	876,698,435	915,724,845	876,698,435	915,724,845
	1,090,398,435	1,091,824,845	876,698,435	915,724,845

Interest rate sensitivity

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

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

	Surplus before tax and Consolidated Fund	
	100 bp increase	**100 bp decrease**
	$	**$**
Group		
2020		
Variable rate instruments	10,903,984	(10,903,984)
2019		
Variable rate instruments	10,918,248	(10,918,248)
Board		
2020		
Variable rate instruments	8,766,984	(8,766,984)
2019		
Variable rate instruments	9,157,248	(9,157,248)

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

Price risk

Surplus funds from the Group's operations are mainly invested in unit trusts managed by professional fund managers. To manage its price risk arising from investments, the Group diversifies its portfolio. The fair value of amount invested as at 31 March 2020 was $3,369,832,553 (2019: $3,418,058,343).

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

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

Price risk sensitivity

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

In respect of unquoted unit trusts investments, if the underlying prices had been 5% higher or lower while all other variables were held constant, the surplus before tax would increase (decrease) by the following amount:

	Group and Board	
	2020	**2019**
	$	**$**
Surplus before tax and Consolidated Fund	168,491,628	170,902,917

Capital management policies and objectives

The capital structure of the Group comprises capital and accumulated surplus. The Group has a strong capital base and does not need to borrow.

The Group's overall strategy remains unchanged from prior year. The Group is not subject to externally imposed capital requirement.

The Board proactively manages its capital structure to achieve efficiency in its cost of capital. The quantum of minimum and maximum cash reserve, taking into account working capital needs and long-term commitments, is reviewed and approved annually by the Board Members.

28. 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	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Financial assets measured at amortised cost				
Trade and other receivables (Note 10)	45,048,157	63,757,141	68,300,623	123,133,921
Cash and cash equivalents (Note 11)	1,230,777,808	1,329,309,126	910,673,195	937,238,880
	1,275,825,965	1,393,066,267	978,973,818	1,060,372,801

	Carrying amount			
	Group		Board	
	2020	2019	2020	2019
	$	$	$	$
Financial assets measured at FVTPL				
Unquoted unit trusts at fair value (Note 9)	3,369,832,553	3,418,058,343	3,369,832,553	3,418,058,343
Financial liabilities measured at amortised cost				
Trade payables	85,524,883	94,417,332	7,416,617	–
Other payables and accruals (Note 17)	198,666,105	232,683,904	20,347,892	25,948,651
	284,190,988	327,101,236	27,764,509	25,948,651

Fair value

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

Fair value hierarchy

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

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

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 2020 and 2019.

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.

29. Comparative information

The financial statement for the year ended 31 March 2019 were audited by another firm of auditors.

30. Subsequent event

On 11 March 2020, the World Health Organisation declared the 2019 Novel Coronavirus ("COVID-19") outbreak a pandemic. The Group is taking precautionary measures to deal with the COVID -19 outbreak in accordance with guidelines provided by the authorities. The Group is closely monitoring the impact on its business and operations. The potential financial effects, if any, are subject to change. Management is proactively managing the Group's business, maintaining vigilance, and will take the necessary actions to ensure sustainability and ability to fulfil the Board's mission and objectives.

CONTACT INFORMATION

General Email:
corporate_communications@toteboard.gov.sg