

CASINO GAMING COMMISSION

Annual Report

2014/2015

Table of Contents

		Page
1	Mission, Vision and Overview	3
2	Policy Priorities	4
3	Chairman's Message	5
4	Financial Statements	11
5	Independent Auditor's Report	
6	Income Statement	
7	Statement of Financial Position	
8	Statement of Cash Flow	
9	Statement of Changes in Equity	
10	Notes to the Financial Statements	
11	Statement of Commissioner's Fees	
12	Statement of Higher Paid Employee Salaries	

Vision

The vision of the Commission is to regulate and maintain a sound, strong and stringent regulatory regime for casino gaming in Jamaica, ensuring the country's reputation as a gaming jurisdiction of choice which operates on established best practices and standards similar to those of mature gaming jurisdictions.

Mission

To develop a profitable and sustainable industry. This will be achieved through proper monitoring of the industry and making intervention as deemed appropriate; keeping pace with industry changes and ensuring that licensees and other stakeholders are aware of the changes; reviewing of the legislation and proposing changes as necessary. In addition the Commission will maintain appropriate and effective working relationships with other licensing authorities and relevant government bodies.

Overview

The Casino Gaming Commission is a statutory body established by Section 5 of the Casino Gaming Act (2010) (the CGA) with the mandate to regulate the casino gaming industry. The Commission is a self-regulatory body governed by a Board of Commissioners which meets monthly.

The Commission is expected to provide a strong regulatory regime to encourage a successful casino gaming industry.

The functions of the Commission shall be to-

- (a) Regulate and control casino gaming in Jamaica;
- (b) Approve systems of controls for, and administrative and accounting procedures in, casinos in order to ensure integrity and fairness in casino gaming;
- (c) Conduct investigations into the operation of casinos and the holders of specified offices;
- (d) Institute measures and controls to-
 - (i) Protect the vulnerable, including children; from any harm or exploitation arising from casino gaming;
 - (ii) Limit opportunities for crime or any disorder associated with casinos;
 - (iii) Facilitate- responsible casino gaming; and
 - (iv) Prevent money laundering and the financing of terrorist activities in relation to casino gaming;
- (e) Advise the Minister on matters of general policy relating to casino gaming in Jamaica; and
- (f) Carry out such other functions pertaining to casino gaming as may be assigned to it by or under this Act or any other enactment.-

The CGA was introduced in 2010, by which prospective casino operators may be licensed to operate in Jamaica subsequent to receiving an approval as an integrated resort developer (IRD).

The decision to permit casino gaming is linked with the Government's plan to improve and expand the tourism industry by developing a number of large integrated resorts of which casinos would be a part.

The Commission's aim is to establish appropriate and effective working relationships with other licensing authorities in the wider gambling industry. In addition, the Commission will work closely with other regulators and Government bodies to share information and, where appropriate, to take coordinated regulatory action. The Commission is a member of the International Association of Gaming Regulators (IAGR).

Policy Priorities

The policy priority of the Commission over the reporting period has been to continue to establish and refine the framework for the regulation and control of casino gaming in Jamaica. This framework will include:

- a) Establishment of standards and approval of systems of control for, and administrative and accounting procedures in, casinos in order to ensure integrity and fairness in casino gaming;
- b) Conducting investigations into operations of casinos and the holders of specific offices;
- c) Instituting measures and controls to:
 - Protect the vulnerable
 - Limit opportunities for crime
 - Facilitate responsible casino gaming.

Chairman's Message

The year in review was a successful one for the Commission particularly in terms of its human resource development, development of regulations in support of the CGA, and the completion of its audit within the time frame expected by the Public Bodies Management and Accountability Act (PBMA).

Highlights of the year

- Partnerships were forged with local law enforcement organisations including Major Organised Crime and Anti-Corruption Agency and Financial Investigations Division, within the Ministry of Finance and Planning, for the conduct of fit and proper checks on persons wishing to be part of the casino gaming industry;
- A professional relationship was also forged with the Spectrum Gaming Group for undertaking international fit and proper investigations;
- Staff participated in casino specific training provided by the United States of America Department of Treasury and the Casino Gaming Commission of New Jersey as well as the New Jersey Department of Investigation and Enforcement;
- The Commission launched its website in November and was used in the staff recruitment process;
- In March the Commission obtained its first Tax Compliance Certificate.

Governance

During 2014/15 the Board of Commissioners consisted of:

Walter Scott Q.C.	Chairman
Afeef Lazarus	Commissioner
Consuela Blake	Commissioner
Dennis Edmunds	Commissioner
Dennis Morrison	Commissioner
Joseph Matalon	Commissioner
Dr. the Hon. Vincent Lawrence, O.J.	Commissioner

Sadly, Mr. Edmunds passed away in January 2015 after a short illness. The Commissioners and staff express their sincerest sympathy to Mr. Edmunds' family and friends and acknowledge the significant contributions Mr. Edmunds made to the Commission during his time as a Board Member.

The Board provided oversight to the Commission and met monthly and in special sessions as required. During the period under review the Board met on 11 occasions.

Committees and Sub-Committees

In order to improve the Board's effectiveness and strengthen corporate governance, specific functions and responsibilities are designated to the following committees and sub-committees, as appropriate:

- Human Resources Committee
- Audit Sub committee
- Legislative Sub committee

The Committees met monthly or as necessary to address the issues as they arose. The Legislative Committee met frequently and dealt with the drafting of the Section 72 Regulations and the Amendments to the CGA.

Board Decisions

All Board Decisions are dispatched within 72 hours of the decisions being made to ensure the assigned activities are performed in reasonable time. The Board Decisions are used as management tool to guide the operations of the organization in carrying out the various functions as required. They are incorporated with the Board Minutes.

Office and Staffing

During the previous period a grant of \$5M was provided to the Commission primarily to acquire, through lease arrangement, and refurbish portion of the building situated at 8 Winchester Road, Kingston 10. This included the purchase of air conditioning units, office furniture and equipment for the initial build out of the office. In addition, a portion of the grant received was used for advertising for the hiring of staff.

As at 01 March, 2014, the Commission contracted additional staff members to support the Chief Executive Officer (Acting) being the Director of Finance and Administration, a Legal Officer and an Administrative Coordinator. Two new staff members came on board on October 1, 2014, namely the Executive Secretary and the Accounting Technician.

Recruitment to the positions of Chief Executive Officer and Director Investigations and Enforcement was completed during the second half of the period with the successful applicants taking up their positions on 1 April 2015.

The Chief Executive Officer (designate) is Mr. Phillip Shelton a former casino and gaming regulator from Victoria, Australia. Mr. Shelton has over 28 years' experience as a casino and gaming regulator in several Australian jurisdictions and was the inaugural Chief Casino Inspector in Victoria. In that role he played a significant role in the establishment of the regulatory regime for the establishment of Victoria's only casino which has up to 500 gaming tables and up to 2500 gaming machines.

During September 2014 the United States Department of the Treasury conducted staff training in casino terminology, introduced the mathematics behind the odds and pay out by the casino and explained the accounting required by the casino. The training was undertaken by all Commission staff as well as selected staff of the Betting Gaming and Lotteries Commission (BGLC). The Commission continued to participate and attend meeting concerning Anti Money Laundering (AML) and Counter Terrorism Financing (CTF) matters.

A three member team visited New Jersey on a study tour for five days. The team comprised the Chief Executive Officer (Acting), the Legal Officer and Commissioner Edmunds, from the Legislative Committee. The team visited the Casino Gaming Commission of New Jersey as well as the Department of Investigation and Enforcement. They saw at first hand the operation of a casino and the work of the regulators. The information gained was extremely beneficial as was the networking that was afforded by the visit.

Staff training continued with the CEO (Acting) and Commissioner Lawrence attending the IAGR conference in Philadelphia. In addition, all the foundation staff members attended a minimum of one day at the 3rd Annual Bankers Association Summit on AML/CFATF held during December. The Commission also continues to participate and attend meetings concerning AML and CTF.

All staff members participated in the BGLC's gaming summit and found it instructive. The BGLC has also been providing assistance as the Commission develops its Human Resources and Operations Manuals. This assistance has been greatly appreciated. The intention is for these manuals to grow and develop as the Commission evolves.

International Cooperation

During May membership was established with IAGR and also of significance was the contact made with the Casino Gaming Commission of New Jersey who gave permission to the Commission for the adoption/adaptation of their regulations for use in Jamaica.

Work continued with the drafting of the regulations and regular meetings of the Legislative Committee were held. The Casino Gaming (Applications Relating to Licences) Regulations, 2014, were approved in the Lower House in December 2014. Significant ground work was achieved during this period and the United States Department of the Treasury personnel were kind enough to review and contribute comments on the work done to date. All comments were incorporated into the drafts.

Invitation for IRDs

The MOFP began the process of evaluating applications to be considered for the award of an Order as an Integrated Resort Development. The Commission, within its areas of responsibility, continued to provide timely responses to queries and to provide advice as deemed appropriate. The Commission awaits the issue of an Order(s) as this should be the catalyst for an entity or entities to submit an application for the associated casino operating licence.

Services

The BGLC were kind enough to allow the Commission to piggy back on their insurance coverage as provided by Sagikor Jamaica Ltd. The CGC was able to obtain the same health and life insurance benefits as enjoyed by the BGLC staff, though not having the same staff complement. As a result of the size of the Commission, Sagikor was unable to provide a pension plan for the Commission, however, they did facilitate members of staff who wished to contribute to their own personal pension plan.

During July individual pay checks were discontinued and staff began to receive their pay via the Direct Advantage system as offered by Sagikor Bank. This proved to be a much more secure and quicker method of payment.

The website was completed and launched during the third quarter with the URL <http://www.cgc.gov.jm>. The site was used extensively in the recruitment process as all advertising referred candidates to the site for the complete job description and terms of reference. The advertisements for the Chief Executive Officer and the Director of Investigation and Enforcement were launched on the Commission website.

Audit

Messers. McKenley and Associates, Chartered Accountants, continued as the External Auditors to the Commission. The Commission completed its audit during April 2014 which was within the timeframe to meet the July 31, 2014 deadline required by the PBMA and the completed report was submitted to MOFP accordingly.

Legislation

December saw the first draft of the Commission's POCA/AML/DNFBP Guidance Notes developed by the in-house team. The notes were submitted to the Legislative Committee for review.

A Consultant Legislative Drafter was engaged in the person of Mrs. Carol Madden, to prepare the other section 72 Regulations to accompany the CGA.

The Legislative Committee was very active in preparing and reviewing existing draft Regulations as well as the amendment to the CGA. Significant ground work was achieved during this period and the United States Department of the Treasury Office of Technical Assistance (OTA) personnel were kind enough to review and contribute comments on the work done to date. All agreed OTA recommendations were incorporated into the Amendment Bill, for which the Commission awaits approval. This activity is expected to be completed in the first half of the upcoming year.

The Year Ahead

The year ahead promises to be both an exciting and busy time for the Commission.

Should the Minister issue an Order as an Integrated Resort Development, then there is every possibility entities will apply to the Commission for a casino operating licence to attach to the approved IRD. The Commission will be required to undertake an investigation of any such application in accordance with the requirements of sections 14 and 15 of the CGA.

Every approved integrated resort developer who, or a company nominated by the approved developer that, is desirous of operating a casino in an integrated resort development shall apply in the prescribed form and manner to the Commission for a casino gaming licence or temporary casino gaming licence.

The Casino Gaming Commission shall grant to the applicant, a casino gaming licence, if the Commission is satisfied that-

- (a) the applicant, and each associate of the applicant (hereinafter called an "associate"), is a fit and proper person to be concerned in or associated with the management or operation of a casino;
- (b) the proposed casino to which the application relates will be within an approved integrated resort development; and
- (c) the applicant, or any associate, has not been convicted of a specified offence.

In determining whether an applicant or any associate is a fit and proper person to be concerned in or associated with the management or operation of a casino, the Commission shall consider whether-

- (a) the applicant or the associate is of good repute, having regard to his character, honesty and integrity;
- (b) the applicant or the associate, as the case may be, is of sound and stable financial background;
- (c) the applicant has, or has arranged, a satisfactory ownership structure;
- (d) the applicant holds or is able to obtain-
 - (i) financial resources that are adequate to ensure the financial viability of the proposed casino; and
 - (ii) the services of persons who have sufficient experience in the operation of a casino;
- (e) the applicant has sufficient business ability to operate a successful casino;
- (f) the applicant or the associate, as the case may be, has any business association with any person, body or association who or which, in the opinion of the Commission, is not of good repute having regard to character, honesty and integrity or has undesirable or unsatisfactory financial resources;
- (g) each director, partner, trustee, executive officer, secretary and any other officer or person determined by the Commission to be associated or connected with the ownership, administration or management of the operations or business of the applicant is a suitable person to act in that capacity;
- (h) any person proposed to be engaged or appointed to manage or operate the casino is a suitable person to act in that capacity; and
- (i) any other matter that may be prescribed will be fulfilled.

The matters detailed above are consistent with all such investigations for applications for casino licences worldwide and ensures Jamaica will maintain internationally accepted standards for casino licensing and be recognized accordingly. To further enhance this process the Commission will consider the appointment of a Probity Auditor to provide a level of independent assurance regarding the conduct of any Casino Licence Application Assessment Project to be undertaken by the Commission.

As stated earlier, the Commission's Legislative Sub-Committee will continue to work closely with the legislative drafting consultant for the drafting of regulations to cover all the provisions set out in section 72 (1) (a) to (w) of the CGA. This process will include the continued liaison with the OTA. The Commission's aim is for the Regulations to be finalized and to be passed by Parliament in the first half of the year.

A handwritten signature in black ink, appearing to read 'Walter Scott', with a stylized flourish at the end.

Walter Scott, Q.C.

Chairman



McKENLEY
& ASSOCIATES

CHARTERED ACCOUNTANTS

"Continuous Improvement and Innovation are our Duties....."

I N D E X

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	
FINANCIAL STATEMENTS	
Income statement	1
Statement of financial position	2
Statement of cash flows	3
Statement of changes in equity	4
Notes to the financial statement	5-14

INDEPENDENT AUDITORS' REPORT

To the Members of
The Casino Gaming Commission

We have audited the accompanying financial statements of the Casino Gaming Commission which comprise the Commission's statement of financial position as of 31 March 2015 and the income statement and changes in equity and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Public Bodies Management and Accountability Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion



**McKENLEY
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CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
The Casino Gaming Commission

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Commission as of 31 March 2015, and of the financial performance and cash flows of the Commission for the year then ended in accordance with International Financial Reporting Standards and generally accepted accounting principles.

Report on other legal and regulatory requirements.

As required by the 2010 Casino Gaming Act, the Public Bodies Management and Accountability Act and the Financial Administration and Audit Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required in the manner so required.


Chartered Accountants
3 July 2015
Kingston, Jamaica

THE CASINO GAMING COMMISSION
Income Statement
Year ended 31 March 2015

Page 1

	<u>Note</u>	<u>2015</u> \$	<u>2014</u> \$
Revenue			
Grant income	3(b)	36,365,000	9,531,574
Interest Income		2,899	6,712
Total operating revenue		<u>36,367,899</u>	<u>9,538,286</u>
Operating expenses			
Administrative	9	36,927,916	8,703,360
Finance	10	29,368	6,714
Total operating expenses		<u>36,957,284</u>	<u>8,710,074</u>
(Deficit)/surplus from operations		(589,385)	828,212
Taxation	6	-	-
Net (deficit)/surplus for the year		<u>(589,385)</u>	<u>828,212</u>


	<u>Note</u>	<u>2015</u> \$	<u>2014</u> \$
Non- Current Assets			
Property, plant and equipment	4	5,469,898	* 3,091,178
Current assets			
Receivables	5	1,159,152	228,127
Cash & bank	7	937,668	7,584,375
		2,096,820	7,812,502
Total Assets		7,566,718	10,903,680
Equity and liability			
General fund		6,494,397	7,083,782
Current liability			
Payables	8	1,072,321	* 3,819,898
Total reserves and liability		7,566,718	10,903,680

* Restated. See note 13.

Approved for issue on behalf of the Commission on 03/07/2015 and signed on its behalf by:



 Chairman of the Board



 Commissioner

	<u>2015</u>	<u>2014</u>
	\$	\$
Cash flows from operating activities:		
(Deficit)/surplus for the year	(589,385)	828,212
Depreciation	605,783	48,341
	<u>16,398</u>	<u>876,553</u>
Adjustments :		
(Decrease)/Increase		
Receivables	(931,025)	(227,690)
Payables	(2,747,577)	* 3,574,467
	<u>(3,678,602)</u>	<u>3,346,777</u>
Cash (used in)/provided by operating activities	<u>(3,662,204)</u>	<u>4,223,330</u>
Investing Activity:		
Purchase of fixed assets	(2,984,503)	*(3,139,519)
Cash used in investing activity	<u>(2,984,503)</u>	<u>(3,139,519)</u>
(Decrease)/Increase in cash balance	(6,646,707)	1,083,811
Cash balance - beginning of the year	7,584,375	6,500,564
Cash balance - end of the year	<u>937,668</u>	<u>7,584,375</u>

* Restated. See note 13.

THE CASINO GAMING COMMISSION
Statement of Changes in Equity
Year ended 31 March 2015

Page 4

	<u>Capital Grant</u>	<u>General Reserve</u>	<u>Total</u>
	\$	\$	\$
Balance as at 1 April 2012	-	-	-
Surplus for the year	-	6,255,570	6,255,570
Balance as at 31 March 2013	-	6,255,570	6,255,570
Surplus for the year	-	828,212	828,212
Balance as at 31 March 2014	-	7,083,782	7,083,782
Deficit for the year	-	(589,385)	(589,385)
Balance as at 31 March 2015	-	6,494,397	6,494,397

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

The Casino Gaming Commission (The Commission) was established under section 5 of the Casino Gaming Act 2010 with the principal functions to:

- a) regulate and control casino gaming in Jamaica;
- b) approve systems of controls for, and administrative and accounting procedures in casinos, in order to ensure integrity and fairness in casino gaming;
- c) conduct investigations into the operation of casinos and the holders of specified offices
- d) institute measures and controls to;
 - (i) protect the vulnerable, including children, from any harm or exploitation arising from casino gaming;
 - (ii) limit opportunities for crime or any disorder associated with casinos;
 - (iii) facilitate responsible casino gaming;
 - (iv) prevent money laundering and the financing of terrorist activities in relation to casino gaming;
- e) advise the Minister of Finance and Planning on matters of general policy relating to casino gaming in Jamaica and
- f) carry out such other functions pertaining to casino gaming as may be assigned to it by or under the Act or any other enactment.

The Commission commenced operations with effect from 16 April 2012 and the financial statements are prepared under the historical cost convention, and are presented in Jamaican dollars (\$), which is the reporting currency of the Commission.

FUNDING:

The Casino Gaming Commission secured funding for operations for the period under review from the Government of Jamaica (GOJ).

THE CASINO GAMING ACT:

The Casino Gaming Act was passed in 2010 and its objects are to:

- a) Establish a regulatory scheme for the conduct of casino gaming in Jamaica;
- b) Encourage the establishment of a number of substantial integrated resort developments by licensing the carrying on of casino gaming as part of a mix of various tourism amenities and facilities available to guests of hotels in such developments;
- c) Ensure that casino gaming is conducted in a fair and open manner;
- d) Ensure that casino gaming is regulated efficiently and effectively;
- e) Prevent casino gaming from being a source of crime or disorder or being used to support crime, and
- f) Protect children and other vulnerable persons from exploitation due to casino gaming.

2. BASIS OF PREPARATION:

a) Basis of preparation:

These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) which is based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations Committee of the IASB and recommendations by the Institute of Chartered Accountants of Jamaica.

The preparation of the financial statements to conform to generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the statement of financial position date and the revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known.

Expected useful life and residual value of an asset are reviewed at least each financial year end. Useful life of an asset is defined in terms of the asset's expected utility to the company.

Standards, Interpretations and amendments to published standards effective in current year

At the date of authorization of these financial statements, certain new standards and amended standards and interpretations to existing standards have been published that became effective during the current financial year. The Commission's management has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following are relevant to the operations of the Commission.

- **IFRS 13, 'Fair value Measurement.** IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The requirements are similar to those in IFRS 7, 'Financial instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial assets and liabilities.

The Commission anticipates that application will impact amounts reported in the financial statements, as well as result in extended disclosures.

2. BASIS OF PREPARATION (CONTINUED)

New and amended standards and interpretations to existing standards that are not effective and have not been early adopted by the Commission (continued).

These pronouncements are effective for annual periods beginning on or after the dates noted and will be applied by the Commission as of those dates, unless otherwise noted.

- **IFRS 9, 'Financial instruments'** part 1: Classification and measurements (effective for annual periods beginning on or after 1 January 2015) was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial instruments. Key features are as follows:

Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represents only payments of principal and interest (that is, it has only basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

While adoption of IFRS 9 is mandatory from 1 January 2015, earlier adoption is permitted. The Commission is considering the implications of the standard, the impact on the Commission and the timing of its adoption by the Commission.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES:

a) Fixed assets

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of material and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

a) Fixed assets (continued)

Property, plant and equipment (continued)

Depreciation is calculated on the straight line basis at such rates that will write off the carrying value of the assets over the period of their estimated useful lives. Each financial year, the depreciation methods, useful lives and residual values are reassessed. .

Annual depreciation rates are as follows:

Furniture & fixtures	10%
Computers	20%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Repairs and maintenance expenditure are charged to the income statement during the financial period in which they are incurred.

b) Grants

Grants are recognized in the income statement to match them against the expenditure to which they contribute as follows:

- (i) Non-current asset grants – over the useful economic life of the asset
- (ii) For past costs incurred – immediately in the income statement
- (iii) For current and future costs – in the period that the costs are recognized.

Advances from the Ministry of Finance and Planning (MOFP) are in lieu of approved budgetary allocations from Central Government for use in the establishment of the Commission. These approved allocated amounts are considered as grants.

During the year, no casino licences were issued and thus the Commission did not earn fees from prospective applicants.

c) Receivables

Receivables are carried at anticipated realizable value. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off during the year in which they are identified and when management has exhausted all efforts to collect the outstanding balance.

d) Cash and bank

Cash and bank balances are carried in the statement of financial position at cost. For the purpose of the cash flow statement, cash and bank balances comprise cash at bank.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

e) Foreign currencies transactions

Transactions in foreign currencies are converted at the rates of exchange ruling at the date of the transactions. Foreign currency balances are translated at the applicable rates of exchange ruling at the date of the statement of financial position. Exchange differences are reflected in the income statement. There were no foreign currency transactions during the year.

f) Payables and accrued charges

Payables and accrued charges are stated at cost.

g) Use of Estimates

The preparation of financial statements in conformity with international financial reporting standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates and any adjustments that may be necessary would be reflected in the results of the year in which actual amounts are known. Except depreciation rates for furniture and fixtures and computers, no estimates or judgments were made during the year ended 31 March 2015.

4. FIXED ASSETS

	<u>Furniture & Fixtures</u>	<u>2015 Computers</u>	<u>Total</u>
	\$	\$	\$
At cost :			
1 April 2014	1,419,086	1,720,433	3,139,519
Additions	1,322,403	1,662,100	2,984,503
31 March 2015	<u>2,741,489</u>	<u>3,382,533</u>	<u>6,124,022</u>
Accumulated Depreciation:			
1 April 2014	48,341	-	48,341
Charge for the year	141,909	463,874	605,783
31 March 2015	<u>190,250</u>	<u>463,874</u>	<u>654,124</u>
NETBOOK VALUE			
31 March 2015	<u>2,551,239</u>	<u>2,918,659</u>	<u>5,469,898</u>
NETBOOK VALUE			
31 March 2014	<u>1,370,745</u>	<u>1,720,433</u>	<u>3,091,178</u>

4. FIXED ASSETS (CONTINUED)

	<u>Furniture & Fixtures</u>	<u>2014 Computers</u>	<u>Total</u>
	\$	\$	\$
At cost :			
1 April 2013	-	-	-
Additions	1,419,086	1,720,433	3,139,519
31 March 2014	<u>1,419,086</u>	<u>1,720,433</u>	<u>3,139,519</u>
Accumulated Depreciation:			
1 April 2013	-	-	-
Charge for the year	48,341	-	48,341
31 March 2014	<u>48,341</u>	<u>-</u>	<u>48,341</u>
NETBOOK VALUE			
31 March 2014	<u>1,370,745</u>	<u>1,720,433</u>	<u>3,091,178</u>

5. RECEIVABLES

	<u>2015</u>	<u>2014</u>
	\$	\$
Receivables	6,000	20,627
Prepayments: deposits (rent and motor car)	1,153,152	207,500
	<u>1,159,152</u>	<u>228,127</u>

6. TAXATION

No provision is made in these financials for taxation on surplus of the Commission because the Casino Gaming Commission is funded by way of a subvention from the Government of Jamaica.

7. CASH AND BANK

	<u>2015</u>	<u>2014</u>
	\$	\$
Sagicor Bank: Current Account	937,668	7,584,375
	<u>937,668</u>	<u>7,584,375</u>

8. PAYABLES

	<u>2015</u>	<u>2014</u>
	\$	\$
Payroll taxes	-	983,090
Creditor: installation of computers and office equipment	-	2,140,000
Other accruals	1,072,321	795,375
	<u>1,072,321</u>	<u>3,918,465</u>

9. ADMINISTRATIVE EXPENSES

	<u>2015</u>	<u>2014</u>
	\$	\$
Advertising for staff placement	624,358	166,039
Board members' fees	294,000	463,500
Licenses and other taxes	619,568	40,881
Depreciation	605,783	48,341
Insurance	656,145	-
Legal & Consultant Fee	206,833	-
Training	1,654,630	-
Subscription	217,202	-
Postage & cable	90,158	-
Utilities	120,436	-
Relocation expense	1,030,314	-
Telephone & internet	622,822	332,590
Entertainment and staff welfare	140,672	47,697
Audit fees	450,000	350,000
Repairs & maintenance	510,286	1,038,174
Travelling	3,571,010	44,100
Wages & salaries	22,261,289	4,136,136
Motor vehicle allowances	-	545,905
Rental	2,700,000	1,400,000
Printing & stationery supplies	552,410	89,997
	<u>36,927,916</u>	<u>8,703,360</u>

10. FINANCE CHARGES

	<u>2015</u>	<u>2014</u>
	\$	\$
Bank charges	29,368	6,714
	<u>29,368</u>	<u>6,714</u>

11. OPERATING DEFICIT BEFORE TAXATION

The following have been charged arriving at operating deficit before taxation:

	<u>2015</u>	<u>2014</u>
	\$	\$
Auditors remuneration	450,000	350,000
Commissioners' fees	294,000	463,500
Management remuneration	19,445,432	4,100,556

12. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Commission's activities expose it to a variety of financial risks in respect of its financial instruments: market risk (currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Commission seeks to manage these risks by close monitoring of each of its financial instruments as follows:

a) Market

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Commission is not exposed to this risk because all transactions are undertaken in Jamaican dollars.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Commission manages this risk by maintaining interest earning assets with reputable financial institutions and procuring the most advantageous interest rates.

12. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) Market (continued)

Interest rate risk (continued)

The Commission's policy is to invest excess cash in short term deposits and savings accounts with licensed financial institutions. Short term deposits are invested for periods of twelve (12) months or less at fixed interest rates and as such are not affected by fluctuations in market interest rates up to the dates of maturity. Interest rates on savings accounts are not fixed and are subject to change due to fluctuations in prevailing market interest rates. At the reporting date, there were no investments of excess cash.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Commission faces credit risks in respect of its cash at bank held with financial institutions. Credit risk for cash at bank is managed by maintaining these balances with licensed financial institutions considered to be stable.

c) Liquidity Risk

Liquidity risk is the risk that the Commission will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

The Commission manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form and GOJ providing budgetary support. At the statement of financial position date, current assets exceeded current liabilities by approximately \$1.02 Million (2014 -\$ 3.89 Million).

d) Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

The Commission faces exposure to cash flow interest rate risk in respect of its cash and bank balances that may fluctuate according to prevailing levels of market interest rates and as such may increase or decrease interest margin in the next financial year.

13. OPERATING EXPENSES

In the year ended 31 March 2013, the Commission operated from a rent free location and did not have any permanent staff. These facilities were provided by a Government of Jamaica (GOJ) organization. The Commission formally established its offices and employed staff within the financial year ended 31 March 2014 and continued to expand its operation and capacity during the financial year ended 31 March 2015.

14. RESTATEMENT OF PRIOR YEAR FIGURES

During the year, the Commission obtained invoices for fixed assets purchased in the prior year, reflecting a discount of \$98,567. The prior year figures were restated to account for this adjustment.

**CASINO GAMING COMMISSION
DIRECTORS COMPENSATION
For Year Ended March 31, 2015**

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as applicable (\$)	Total (\$)
CHAIRMAN	90,000				90,000
COMMISSIONER 1	16,000				16,000
COMMISSIONER 2	24,000				24,000
COMMISSIONER 3	48,000				48,000
COMMISSIONER 4	44,000				44,000
COMMISSIONER 5	28,000				28,000
COMMISSIONER 6	44,000				44,000
					0
					0
Total	294,000	0	0	0	294,000

**CASINO GAMING COMMISSION
 COMPENSATION FOR SENIOR EXECUTIVES
 For Year Ended March 31, 2015**

Position of Senior Executive	Salary	Gratuity or Performance Incentive	Travelling Allowance or Value of Assignment of Motor Vehicle	Pension or Other Retirement Benefits	Other Allowances	Non-Cash Benefits	Total
	(\$)						
Acting Chief Executive Officer	7,901,439		975,720				8,877,158.56
Director of Finance & Administration	3,814,750		975,720				4,790,470.00
Legal Officer	4,802,083		975,720				5,777,803.88
Total	16,518,271.89	0	2,927,160	0	0	0	19,445,431.89