

**THE CASINO GAMING COMMISSION**

**Annual Report  
FOR THE YEAR 2012 / 2013**

**TABLE OF CONTENTS**

Overview of the Casino Gaming Commission

Board of Management / Governance

Chairman's Message

Operational Highlights

Financial Highlights

## **OVERVIEW OF THE CASINO GAMING COMMISSION**

The Casino Gaming Act came into effect in 2010 and by Section 5 of the Act the Casino Gaming Commission (the Commission) was established. The functions of the Commission are 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; and
  - (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.

## **BOARD OF MANAGEMENT**

### Governance

The Commission is under the direction of the Minister of Finance and Planning who appoints the Selected Members of the Commission and provides policy direction to guide its operations.

The Board of Commissioners provides oversight to the Commission and comprises the following Members who are appointed by the Minister of Finance for a three (3) year term.

The Members are:

- Mr. Walter Scott, Q.C. - Chairman, Attorney-at-Law
- Mr. Afeef Lazarus - Commissioner, Attorney-at-Law
- Mr. Dennis Edmunds - Commissioner, Attorney-at-Law
- Mr. Joseph A. Matalon - Commissioner, Businessman
- Dr. The Hon. Vincent Lawrence - Commissioner, Engineering Consultant
- Mr. Dennis Morrison - Commissioner, Economist
- Miss Consuela Blake - Commissioner, Businesswoman

The Board meets once per month, or in special session as required. Specific functions and responsibilities are delegated to the following four (4) Committees so as to improve its effectiveness and strengthen corporate governance:

- Legislative Committee
- Finance Committee
- Procurement Committee
- HR Committee

Given the present level of operations the active Committees are the Legislative and Finance. The Legislative Committee meets prior to monthly board meetings to scrutinize policy documents and interface with the Parliamentary Counsel with respect to those Regulations not yet in effect. With respect to the Finance Committee, it prepares for the Board's scrutiny, budgetary documentation. As the Commission prepares itself to be fully operational positions are subject to the procurement process and a Procurement Committee has been established to evaluate requests for proposals and to ensure procedures are not breached.

#### **Secretariat**

The Board of the Commission is supported by a Commission Secretary /Legal Officer courtesy of the Development Bank of Jamaica (DBJ). This position is to be employed by the Commission at the beginning of the Financial Year 2013 / 14. The Secretariat manages the office, Board and Committee Meetings commensurate with the functions of the Job description.

In February 2013 the Commission participated in the Ministry of Finance Corporate Governance Framework for Public Bodies Sensitization Session.

## **CHAIRMAN'S MESSAGE**

The Board of Commissioners took office in February 2012 and had its first meeting in April of that year. At that time the Commission was without an office, budget and staff. That situation was corrected through the assistance of the Development Bank of Jamaica that offered on a temporary basis, accommodation, limited office facilities and the services of an Attorney-at-law/ Commission Secretary.

The Commission's structure is yet to be established. The organization's activities are to be reviewed by the Corporate Management Development Division and an appropriate structure be recommended for approval by the Post Operations Committee of the Ministry of Finance. Thereafter the Commission will identify suitable office facilities and commence employment.

The Commission is also awaiting the issuance of Section 9 Orders which are preceded by the Minister invitation to prospective investors to submit their applications for assessment. Section 9 Orders are for the development of integrated resorts. It is understood that it will take some time before construction commence, therefore temporary casino gaming licences may be required to conduct business while development is ongoing. A temporary casino gaming licence shall be for a term not exceeding three years and is revocable if the development of the resort is not proceeding in accordance with the Approved Development Order. As part of the negotiation of the terms of the Development Order the developer needs to show the Minister that the operation of temporary facilities would facilitate the development.

## **OPERATIONAL HIGHLIGHTS**

The Commission undertook the following activities:

- Reviewed the work of the former Commission to ensure continuity of any approved projects as well as to eliminate duplication of activities. There was continued focus on finalizing the Regulations and Amendments to the Act and the Section 9 Regulations were passed in December 2012.
- Initiated relationships with several mature gaming jurisdictions and received positive responses from the Casino Control Board of New Jersey, the Bahamas and the Gaming Board of Great Britain. In March 2013 while on personal business, the Chairman visited the Gaming Board of Great Britain and met with the Chairman and Chief Executive Officer. Arising from the meeting a Memorandum of Understanding is being established between both institutions.

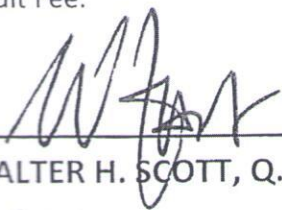
- An anti-money laundering (AML) document was developed by the Secretariat and approved by the Board to comply with Bank of Jamaica's requirements. The objective of the Policy Document is to show how Jamaica will incorporate AML standards in its casino gaming operation. The document outlines the powers of the Commission under the Act reflecting its licensing policy, monitoring of casinos and disciplinary actions. Also included is comparative information of the practice in other jurisdictions under the AML regime.
- Ongoing reviews of other potentially conflicting legislation and appropriate recommendations.
- Established a bank account at Sagicor Bank Limited to facilitate an allocation of Six Million Five Hundred Thousand Dollars (\$6.5M) received from the MOF.

In addition the Commission co-ordinates the group of Chairmen of gambling regulatory bodies entrusted with the responsibility to review the gaming industry and produce an overarching policy.

The Commission's budgetary requirements for the year 2013 /14 of One Hundred and thirty Five Thousand is being reviewed by the Ministry of Finance. In the interim it is seeking to allocate adequate space to accommodate those positions to be engaged at the announcement of awards of Orders.

#### FINANCIAL HIGHLIGHT

The Commission did not earn during the year under review, there being no casinos in operation. Expenditure for the period is Two Hundred and forty Five Thousand Four Hundred and Thirty One Dollars (\$245,431) which include: Stationary; Telephone; Meeting Expenses and Audit Fee.

  
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WALTER H. SCOTT, Q.C.  
Chairman

**THE CASINO GAMING COMMISSION**  
**Financial Statements**  
**31 March 2013**

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**I N D E X**

	<b><u>Page</u></b>
<b>INDEPENDENT AUDITORS' REPORT</b>	
<b>FINANCIAL STATEMENTS</b>	
Income statement	1
Statement of financial position	2
Statement of cash flows	3
Statement of changes in equity	4
Notes to the financial statements	5-10

To the members of  
The Casino Gaming Commission

### **Auditors' Report**

We have audited the accompanying financial statements of the Casino Gaming Commission which comprises the Commission's statement of financial position as of 31 March 2013 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, the Casino Gaming Act 2010 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.



To the members of  
The Casino Gaming Commission

Independent Auditors' Report

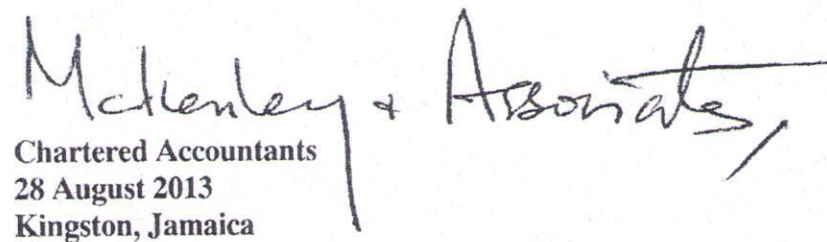
### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Commission as of 31 March 2013, and of the financial performance and cash flows of the Commission for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Casino Gaming Act 2010 and the Public Bodies Management and Accountability Act.

### Report on other legal and regulatory requirements.

As required by the 2010 Casino Gaming Act and the Public Bodies Management and Accountability 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  
28 August 2013  
Kingston, Jamaica

**THE CASINO GAMING COMMISSION**  
**Income Statement**  
**Year ended 31 March 2013**

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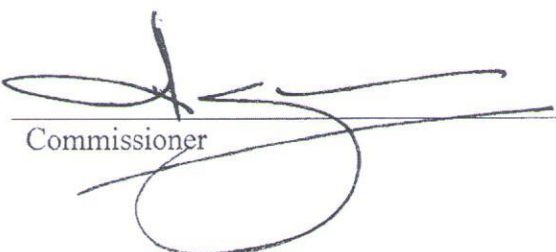
	<u>Note</u>	<u>2013</u> <u>\$</u>
<b>Revenue</b>		
Grant :Income	3(b)	6,500,000
Interest Income		1,746
Total Operating Revenue		<u>6,501,746</u>
<b>Operating expenses</b>		
Administrative		245,431
Finance		745
Total operating expenses		<u>246,176</u>
Surplus from operating activities		6,255,570
Taxation	4	-
Net Surplus for the year		<u><u>6,255,570</u></u>

**THE CASINO GAMING COMMISSION**  
**Statement of Financial Position**  
**31 March 2013**

	<u>Note</u>	<u>2013</u> \$
<b>Current assets</b>		
Receivables		437
Cash & bank		6,500,564
		6,501,001
<b>Total Assets</b>		6,501,001
<b>Reserves and liability</b>		
General fund		6,255,570
<b>Current liability</b>		
Payables and accruals	9	245,431
<b>Total reserves and liability</b>		6,501,001

Approved for issue on behalf of the Commission on 28 August 2013 and signed on its behalf by:

  
 \_\_\_\_\_  
 Chairman of the Board

  
 \_\_\_\_\_  
 Commissioner

**THE CASINO GAMING COMMISSION**  
**Statement of Cash Flows**  
**Year Ended 31 March 2013**

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	<u>2013</u>
	<u>\$</u>
<b>Cash flows from operating activities:</b>	
Surplus for the year	6,255,570
<b>Adjustments :</b>	
<b>Increase/ (Decrease)</b>	
Receivables	(437)
Payables and accruals	245,431
	<hr/> 244,994
<b>Cash provided by operating activities</b>	6,500,564
<b>Cash balance - beginning of the year</b>	<hr/> -
<b>Cash balance - end of the year</b>	<hr/> <hr/> 6,500,564

**THE CASINO GAMING COMMISSION**  
**Statement of Changes in Equity**  
**Year ended 31 March 2013**

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	<u>Capital Grant</u>	<u>General Reserve</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Balance as at 1 April 2012</b>	-	-	-
Surplus for the year	-	6,255,570	6,255,570
<b>Balance as at 31 March 2013</b>	-	6,255,570	6,255,570

**THE CASINO GAMING COMMISSION**  
**Notes to the Financial Statements**  
**Year ended 31 March 2013**

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**1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:**

The Casino Gaming Commission (The Commission) was established under section 5 of the Casino Gaming Act 2010 as a statutory not-for-profit organization 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.

**FUNDING:**

The Casino Gaming Commission secures funding for operations 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.

**THE CASINO GAMING COMMISSION**  
**Notes to the Financial Statements**  
**Year ended 31 March 2013**

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**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION:**

**a) Statement of compliance:**

- i. 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.
- ii. 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.

**b) Basis of preparation**

The financial statements are prepared under the historical cost convention, and are presented in Jamaican dollars (\$), which is the reporting currency of the Commission.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES:**

**a) Fixed assets**

Fixed assets are stated at cost and depreciated on the straight-line basis over the term of the expected useful lives of the assets. The Commission has no fixed assets at the reporting date

**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.

**THE CASINO GAMING COMMISSION**  
**Notes to the Financial Statements**  
**Year ended 31 March 2013**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 where 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.

**e) Foreign Currencies Transactions**

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Foreign currency balances are translated at the applicable rates of exchange ruling at the statement of financial position date. 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. No estimates or judgments were made during the year ended 31 March 2013.

**4. TAXATION**

The Commission is a not-for-profit organization and has applied to the Commissioner of Taxpayer Audit and Assessment Department (TAAD) under Section 12 (h) of the Income Tax Act for exemption from income tax.



**THE CASINO GAMING COMMISSION**  
**Notes to the Financial Statements**  
**Year ended 31 March 2013**

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**5. CASH AND BANK**

	<u>2013</u>
	<u>\$</u>
Sagicor Bank: Current Account	6,500,564
	<u>6,500,564</u>

**6. PAYABLES AND ACCURALS**

	<u>2013</u>
<b>Accurals:</b>	<u>\$</u>
Stationery	8,285
Telephone	15,388
Meeting expenses	21,758
Audit fee	200,000
	<u>245,431</u>

**7. ADMINISTRATIVE EXPENSES**

	<u>2013</u>
	<u>\$</u>
Telephone	8,285
Entertainment	21,758
Audit fees	200,000
Printing & stationery supplies	15,388
	<u>245,431</u>

**8. FINANCE CHARGES**

	<u>2013</u>
Bank charges	745
	<u>745</u>

**THE CASINO GAMING COMMISSION**  
**Notes to the Financial Statements**  
**Year ended 31 March 2013**

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**9. 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**

(i) 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.

(ii) 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.

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.

**THE CASINO GAMING COMMISSION**  
**Notes to the Financial Statements**  
**Year ended 31 March 2013**

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**9. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**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 \$6.2 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.

**10. OPERATING EXPENSES**

The Commission operates from a rent free location and does not have any permanent staff. These facilities are provided by a Government of Jamaica (GOJ) organization. There is no formal agreement in regards to the arrangements and the Commission intends to formally set up its offices and operations within the financial year ending 31 March 2014.