

CASINO GAMING COMMISSION

Annual Report

2021/2022

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Chairman's Message

During the FY 2021-22 further developments occurred regarding the operations of the Casino Gaming Commission (the Commission). The amendments to the Casino Gaming Act (CGA) were approved which resulted in increased IRD activities. The Commission therefore began to aggressively take the steps required to revitalize the Commission's regulatory framework.

Approval was granted by the Ministry of Finance and the Public Service (MFPS) for the reactivation of CGC's approved posts which are currently vacant. These positions are to be filled in short succession within the 2022-23 Financial Year. The Commission also received approval for its budget prepared for the FY 2022-23 which reflects its needs with regards to achieving a state of full operational readiness, should the anticipated Order(s) for Approved Integrated Resort Developments status be granted.

The Commission continued to be actively involved in the merger process of the three regulatory bodies, through its membership on all the Merger subcommittees. The Commission's expenses remained low and within the budget approved for its limited operation. The Shared Services arrangement with the Betting Gaming and Lotteries Commission (BGLC) for accommodation, limited ICT and Human Resource services continued.

The Commission also continued its robust participation in activities under the Caribbean Financial Action Task Force (CFATF) and National Anti-Money Laundering and Terrorism Financing Committee [NAMLAC] which included the updating of the Commission's Guidance Notes. During the financial year the Commission's Head of Entity was also appointed a member of the Enterprise Team formed by the MFPS to deal with various matters concerning Integrated Resort Developments. The Commission remains hopeful and will continue to prepare itself to receive applications and thereafter regulate the casino gaming sector.



CLOVIS METCALFE CD, OD
Chairman
July 2022

Vision

A fair, crime free and responsible casino gaming industry which provides community wide benefits to Jamaica.

Mission

To protect Jamaica's interests by regulating the operation of a highly reputable and internationally respected casino gaming industry. This is to be achieved by operating with integrity and professionalism, by developing effective working relationships with and maintaining the confidence of all stakeholders while keeping abreast of industry changes in a highly competitive and dynamic environment.

The existing **Vision** and **Mission** of the Commission as outlined above will be incorporated in the operations of the merged entity and the new entity is expected to continue to represent a fair, crime free and responsible casino gaming industry which provides community wide benefits to Jamaica. The Casino Gaming Act of 2010 is the vehicle being used to guide the new legislation for the merged entity.

REPORT ON OPERATIONS

Highlights of the year

- The Commission's extensive participation in all merger-related activities.
- The completion of the implementation process of the MDSL software to standardize the Commission's Accounting in keeping with merger financial requirements.
- The approval of the amendments to the Casino Gaming Act (CGA)
- Membership in the Enterprise Team regarding the evaluation of applications for Approved Integrated Resort Development Orders
- The Commission's continuous compliance with governance requirements for submission of its Annual Report.

Standards for Gaming Equipment in Casinos

The GLI Technical Standards established for casino Gaming Equipment and adopted by the Commission are expected to be transferred to the new entity. The Standards are currently available at the Library of the Bureau of Standards.

National Risk Assessment and CFATF related activities

The Commission continues to participate in Proceeds of Crime Act [POCA] training and related activities and the Caribbean Financial Action Task Force [CFATF] activities as required by the Commission's Designated Authority. Upon request, the CGC provided the NAMLAC (Secretariat) with a detailed update on its commitment (its preparedness) regarding its Risk Based regulatory framework and plan of action to achieve operational readiness to supervise the anticipated casino gaming sector

International Cooperation

The Commission maintained its membership and trustee position in the International Association of Gaming Regulators (IAGR). The Commission's Secretary / Manager is a Member of the Board of Trustee.

1. Compliance with the PBMA and FAA Acts, as well as MOFP circulars and applicable regulations

Governance

For the Year 2021/22 the Board of Commissioners comprised the following members.

Mr. Clovis Metcalfe.	Chairman
Mr. Wayne Chen	Deputy Chairman
Mr. Howard Hamilton	Commissioner
Mr. Ian Murray	Commissioner
Mrs. Marigold Naar	Commissioner
Mr. Robert Russell	Commissioner

Due to limited activities, the frequency of Board meetings was further revised. Three Board Meetings were held during the year. However, proper reporting continued with the submission of Management and Financial Reports. Commissioners were consistent in attendance. Matters relating to the IRDs, Transition and Merger were usually addressed.

All statutory reporting requirements have been met including Monthly Cash Flow Requests, Monthly Financial Reports, Quarterly Reports and Annual Reporting. In accordance with the GOJ's governance framework, the CGC continues to submit Quarterly Reports to the Office of the Contractor General.

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. All Board Minutes are recorded and certified by the Chairman.

Committees and Sub-Committees

Considering the reduced activities and limited staff there are only two active subcommittees – the Audit Committee and the Finance Committee.

Legislative matters concerning drafting of merged legislation are dealt with by Merger process by the Merger Legislative sub-committee. There are, however, some outstanding Section 72 Regulations which are to be dealt with.

Audit

Messrs. McKenley and Associates, Chartered Accountants, continued as the External Auditors to the Commission. The Commission completed its audit for the financial year 2020/21 during July 2021, and met the July 31, 2021, deadline required by the PBMA. The completed report was submitted to MOFPS accordingly.

Staffing

There were two members of staff during the financial year with a change of Head of Entity occurring at the end of the financial year. An Accounting Consultant was contracted to manage the implementation and operation of the MDSL Accounting Software. At the end of the year, by way of letter to the Casino Gaming Commission, the SHRMD unit of the Ministry of Finance & the Public Service (MOFPS) approved the reactivation of eight positions. The hiring process is to commence in the new financial year.

Training

The Enterprise Risk Management training which was conducted throughout the year has now been completed, and the final report was produced by Price Waterhouse Coopers. Additionally, training in Risk Based Regulatory approach was offered by the European Union through FATF/CFATF.

Financial Statements – Audited Report

THE CASINO GAMING COMMISSION
Financial Statements
31 March 2022

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

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**McKENLEY
& ASSOCIATES**
CHARTERED ACCOUNTANTS

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Independent Auditor's Report

To the Members of
The Casino Gaming Commission

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Commission as at 31 March 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Casino Gaming Commission financial statement comprises:

- the statement of financial position as at 31 March 2022
- the income statement for the year then ended
- the statement of cash flows for the year then ended
- the statement of changes in reserves for the year then ended, and
- the notes to the financial statements, which include significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

Report on any 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.

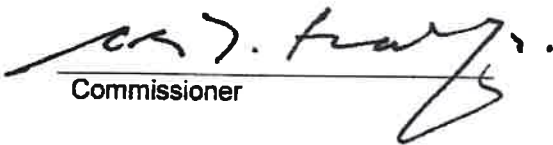
In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required in the manner so required.

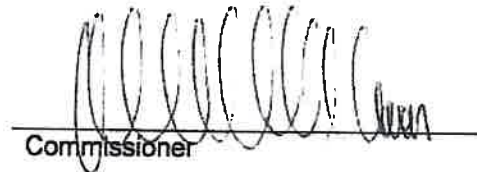

Chartered Accountants
Kingston, Jamaica
15 July 2022

	<u>Note</u>	<u>2022</u>	<u>2021</u>
		£	£
Revenue			
Grant income	2(e)	32,569,408	33,665,991
Interest Income		32,848	17,144
Total operating revenue		32,602,256	33,683,135
Operating expenses			
Administrative	3	27,820,801	26,022,789
Finance	4	88,446	81,182
Total operating expenses		27,909,247	26,103,971
Surplus from operations		4,693,009	7,579,164
Taxation	5	-	-
Net surplus for the year		4,693,009	7,579,164

	<u>Note</u>	<u>2022</u> \$	<u>2021</u> \$
Non- current asset			
Property, plant and equipment	6	4,400,526	1,482,218
Current assets			
Receivables	7	65,267	2,247,695
Cash & bank	8	12,652,428	8,900,323
		12,717,695	11,148,018
Total assets		<u>17,118,221</u>	<u>12,630,236</u>
Reserves and liability			
General fund		16,332,814	11,628,445
Current liability			
Payables	9	785,407	1,001,791
Total reserves and liability		<u>17,118,221</u>	<u>12,630,236</u>

Approved for issue on behalf of the Commission on July 15, 2022 and signed on its behalf by:


 Commissioner


 Commissioner

	<u>Note</u>	<u>2022</u> \$	<u>2021</u> \$
Cash flows from operating activities:			
Surplus for the year		4,693,009	7,579,164
Adjustment for:			
Depreciation	6	871,200	688,111
Prior year adjustment		11,360	(1,817,820)
Cash flow provided by operations		5,575,569	6,449,455
Changes in operating assets and liabilities -			
Receivables		2,182,428	(213,103)
Payables		(216,384)	515,073
		1,966,044	301,970
Cash provided by operating activities		7,541,613	6,751,425
Investing activity:			
Purchase of fixed assets	6	(3,789,508)	-
Cash used in investing activity		(3,789,508)	-
Increase in cash balance		3,752,105	6,751,425
Cash balance - beginning of the year		8,900,323	2,148,898
Cash balance - end of the year		12,652,428	8,900,323

THE CASINO GAMING COMMISSION
Statement of Changes in Reserves
Year Ended 31 March 2022

	<u>General Reserves</u> \$	<u>Total</u> \$
Balance as at 31 March 2020	5,867,101	5,867,101
surplus for the year	7,579,164	7,579,164
Prior year adjustment	(1,817,820)	(1,817,820)
Balance as at 31 March 2021	11,628,445	11,628,445
Surplus for the year	4,693,009	4,693,009
Prior year adjustment	11,360	11,360
Balance as at 31 March 2022	16,332,814	16,332,814

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 Casino Gaming Commission (CGC) 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. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION, AND SIGNIFICANT ACCOUNTING POLICIES:

(a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB).

New, revised, and amended standards and interpretations that became effective during the year and those issued but not yet effective.

At the date of authorization of these financial statements, certainly new, revised, and amended standards and interpretations came into effect before, during, and after the current financial year. Effective 1 January 2018, IFRS 9 and IFRS 15, that related principally to expected credit loss and revenue recognition respectively, were the principal Standards that became effective before the financial year, but the adoption, by the Commission of these Standards had no significant impact on its financial statements nor its disclosures.

The majority of the other issued and pending standards, amendments and interpretations relates to company consolidations, joint ventures, income tax adjustments, and acquisition and disposal of subsidiaries along with clarifications to certain standards.

None of them have any material impact on the Commission's financial statements.

(b) Basis of preparation and functional currency

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

(c) Use of Estimates and judgments

Except for the depreciation charge, no estimates or judgments were made during the six months period ended 30 September 2021.

(d) Grants

Budgetary support from the Ministry of Finance and Planning (MOFP) is considered as grants.

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

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

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) 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 labor 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.

Depreciation is calculated on a straight-line basis at such rates that will write off the carrying value of the assets throughout 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%
Motor Vehicle	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 expenditures are charged to the income statement during the financial period in which they are incurred.

(f) Receivables

Receivables are carried at amortized cost.

(g) Cash and bank

Cash and bank balances are carried in the statement of financial position at amortized cost. For the purpose of the statement of cash flows, bank overdraft, if any, that is repayable on demand and form an integral part of cash management activities, is included as part of cash and bank balances.

(h) Foreign currencies transactions

There were no foreign currency transactions during the year.

(i) Payables and accrued charges

Payables and accrued charges are stated at amortized cost.

3. ADMINISTRATIVE EXPENSES

	<u>2022</u>	<u>2021</u>
	\$	\$
Commissioners' fees	112,500	106,875
Licenses & other taxes	541,681	309,159
Depreciation	871,200	688,111
Legal & consultancy fee	6,160,000	3,740,000
Insurance	137,243	104,446
Training	46,800	60,673
Subscription	195,005	162,015
Postage & deliveries	51,850	50,000
Telephone, internet & communication	163,075	180,755
Advertising and refreshments	49,985	58,066
Audit fees	1,265,000	1,614,752
Domestic travel	105,988	-
Traveling	1,652,160	1,793,590
Wages & salaries & payroll expenses	14,895,532	15,591,840
Printing & stationery supplies	23,950	28,102
Shared Service Agreement	1,548,832	1,534,405
	<u>27,820,801</u>	<u>26,022,789</u>

4. FINANCE CHARGES

	<u>2022</u>	<u>2021</u>
	\$	\$
Bank charges	88,446	81,182
	<u>88,446</u>	<u>81,182</u>

5. TAXATION

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

6. FIXED ASSETS

31 March 2022

	<u>Furniture & Fixtures</u>	<u>Computers</u>	<u>Total</u>
	\$	\$	\$
At cost:			
1 April 2021	3,045,350	4,910,440	7,955,790
Additions	-	3,789,508	3,789,508
31 March 2022	3,045,350	8,699,948	11,745,298
Acc. Depreciation:			
1 April 2021	1,998,107	4,475,465	6,473,572
Charge for the year	304,522	566,678	871,200
31 March 2022	2,302,629	5,042,143	7,344,772
Netbook value			
31 March 2022	742,721	3,657,805	4,400,526

31 March 2021

	<u>Furniture & Fixtures</u>	<u>Computers</u>	<u>Total</u>
	\$	\$	\$
At cost:			
1 April 2020	3,045,350	4,910,440	7,955,790
Additions	-	-	-
31 March 2021	3,045,350	4,910,440	7,955,790
Acc. Depreciation:			
1 April 2020	1,693,571	4,091,890	5,785,461
Charge for the year	304,536	383,575	688,111
31 March 2021	1,998,107	4,475,465	6,473,572
Netbook value			
31 March 2021	1,047,243	434,975	1,482,218

7. RECEIVABLES

	<u>2022</u>	<u>2021</u>
	\$	\$
Accounts receivables	-	13,801
Deposit on fixed asset	-	2,008,732
Other prepayments	65,267	225,162
	<u>65,267</u>	<u>2,247,695</u>

8. CASH AND BANK

	<u>2022</u>	<u>2021</u>
	\$	\$
Sagicor bank: current account	12,632,428	8,880,323
Petty cash balance	20,000	20,000
	<u>12,652,428</u>	<u>8,900,323</u>

9. PAYABLES

	<u>2022</u>	<u>2021</u>
	\$	\$
Accruals: audit charges	725,000	725,000
Wages and salaries control	60,407	276,790
	<u>785,407</u>	<u>1,001,791</u>

10. OPERATING SURPLUS BEFORE TAXATION

The following have been charged arriving at operating surplus:

	<u>2022</u>	<u>2021</u>
	\$	\$
Auditors' remuneration	725,000	725,000
Commissioners' fees	112,500	106,875
Management remuneration	13,244,869	13,741,313

11. 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 risk

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.

Part III of the First Schedule of the Casino Gaming Act provides for Finance, Accounts and Reports; Clause 20 deals with the Power to invest moneys as follows:

"All moneys of the Commission not immediately required to be expended for the purpose of meeting any of the obligations or discharging any of its functions may be invested in such securities as may be approved either generally or specifically by the Minister, and the Commission may, with the approval of the Minister with responsibility for finance, sell all or any such securities"

It is to be noted that the CGC is fully funded by the MOFPS as it does not earn any other income at this time. Therefore, all funding from the MOFPS is specifically for its monthly operations and does not have excess for investment and does not invest at this time.

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 a bank held with financial institutions. Credit risk for cash at the bank is managed by maintaining these balances with licensed financial institutions considered to be stable.

11. 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 endeavoring to maintain an appropriate level of resources in liquid or near liquid form along with GOJ providing budgetary support. At the statement of financial position date at 31 March 2022, current assets exceeded current liabilities by \$11,932,288 (2021 - \$10,146,227).

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.

12. IMPACT OF THE COVID 19 PADEMIC

The outbreak of the novel Coronavirus (COVID-19) became a pandemic in March 2020 and has adversely affected the global economy and way of life. The continuous impact of COVID-19 on the Company's operations and future financial performance are reviewed periodically by the Board and Management with mitigating strategies implemented to reduce any long-term adverse effects. The pandemic and the measures to control its human impact resulted in disruptions to the Jamaican economic activities and business operations. The Company continues to review its credit and financial risks while containing costs and managing cash flow. Management has considered the consequences of the COVID-19 pandemic as well as other associated events and conditions and has determined that there is no additional material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

13. SUBSEQUENT EVENT

The Government of Jamaica (GOJ) through the Ministry of Finance (MOF) decided to merge a number of government entities that provide oversight to the gaming industry. This will see Casino Gaming Commission (CGC) being merged with other gaming regulatory bodies into an entity with the power and authority to regulate all formal gaming activities throughout the Country. This is slated to be completed within the context of the government's public sector transformation agenda.

**CASINO GAMING COMMISSION
DIRECTORS COMPENSATION**

Appendix 7

For Year Ended March 31, 2022

Name and 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 (\$)
Clovis Metcalfe - Chairman	45,000				45,000
Wayne Chen – Deputy Chairman	22,500				22,500
Robert Russell - Commissioner	22,500				22,500
Marigold Naar - Commissioner	15,000				15,000
Ian Murray - Commissioner	22,500				22,500
Howard Hamilton - Commissioner	22,500				22,500
Total	150,000				150,000

**CASINO GAMING COMMISSION
SENIOR EXECUTIVE COMPENSATION**

For Year Ended March 31, 2022

Name and 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 (\$)
Audrey Robinson - Secretary/Manager	9,123,967.27	2,468,741.82	1,652,159.55				13,244,868.64
Total	9,123,967.27	2,468,741.82	1,652,159.55				13,244,868.64