

CASINO GAMING COMMISSION

Annual Report

2016/2017

Table of Contents

		Page
1	Chairman's Message	3
2	Chief Executive Officer's Message	4
3	Vision, Mission and Overview	5
4	Policy Priorities	6
5	Report on Operations	7
4	Financial Statements	15
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	

Chairman's Message

The 2016-2017 year of operation at the Casino Gaming Commission (the "Commission") realized the continued development of the Commission as a modern regulatory body with the capacity to deliver appropriate regulation of the Casino Gaming Industry and in keeping with the mandate of the Government of Jamaica.

Some of the achievements during the year were:

- the completion of the Regulations for the Industry;
- the adoption of Technical Standards for the Gaming Machines to be used in the Industry,
- the Anti-money Laundering capacity and structure of the Commission was expanded by virtue of the Commission's active participation in CFATF/AML meetings and the Jamaica Mutual Evaluation Plenary held in Montego Bay;
- Law Enforcement partnerships were established to enhance and strengthen the Investigations and Enforcement capacity of the Commission; and
- the development of the Casino Licence Application and Assessment Project to ensure that whenever the first sets of Casino Applications are received, the Commission will be in a position to move expeditiously on them.

The major disappointments were that although Orders for Approved Integrated Resort Development has been made to two (2) developers, neither applied for a casino gaming licence nor has any further progress been made in achieving the breaking of ground and the construction of the approved Resorts. Given the foregoing situation, along with the pending merger with the Betting Gaming and Lotteries Commission and the Jamaica Racing Commission, the Commission terminated the services of two members of staff.

Despite these challenges, the Commission continues to build a strong relationship with international industry players, this has resulted in the Chief Executive Officer (Acting) being elected as a Trustee to the Board of the International Association of Gaming Regulators, (IAGR) of which the Commission has been a member since 2014. This appointment will bring attention to the gaming sector in Jamaica and will provide the Commission access to a wide international network. Further, it will enhance the foundation already laid for the effective regulation of the industry once it gets going.



Walter Scott, Q.C.

Chairman

16 May 2017

Chief Executive Officer's (acting) Message

At the start of the Financial Year 2016/17, the Chief Executive Officer of the Jamaica Casino Gaming Commission resigned to return to Australia. The General Counsel was appointed to act as Chief Executive Officer.

The past year is deemed to be a mixed one, notwithstanding the CGC's continued efforts in establishing the regulatory framework for the monitoring and control of casinos in Jamaica to conform to international best practices. The much anticipated applications for casino gaming licences were not realized, despite the MOFPS making two awards for IRDs in the previous financial year.

Notwithstanding the lack of an application, the Commission received Ministerial approval through the Bureau of Standards for the adoption of the Gaming Laboratories International (GLI) Technical Standards for the manufacture and supply of gaming equipment for use in casinos. The Adoption of the GLI Standards will have significant market/commercial advantages for the Jamaica casino operators without reducing the integrity of gaming threshold. The Standards are known as the Jamaican Standards and are now gazetted and available on the website and library of the Bureau of Standards.

In March 2017, the CEO (Acting) was nominated and elected to as a Trustee of the Board of the International Association of Gaming Regulators (IAGR). The Commission is a member since 2014.

The Commission has concluded the drafting of the necessary regulations which will provide the foundation for a robust regulatory framework.

At the end of the financial year, the number of staff decreased by fifty percent (50%) due mainly to the planned merger of the three gaming commissions and the relocation of staff to a central location. The lack of an application for a casino gaming licence significantly curtailed some of the regulatory activities to be undertaken.

Detailed reports of the Commission's activities for the period follow. Thanks to the Commissioners, management and staff for their continued high level of commitment to the establishment and support of the Commission.



Audrey B. Robinson
Chief Executive Officer (Acting)

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 developments in a highly competitive and dynamic environment.

Overview

The Casino Gaming Commission (the 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 includes:

- 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.

Even while establishing the Policy Priorities, the execution of these Priorities was curtailed due mainly to the lack of an application for a casino gaming licence.

REPORT ON OPERATIONS

Highlights of the year

- Ministerial Approval and gazetting of the GLI Standards as Jamaica standard for gaming machines and equipment.
- Establishment of MOUs with Major Organised Crime and Anti-Corruption Agency and the Jamaica Constabulary Force
- Approval of Casino Licence Application and Assessment Project;
- CEO (Acting) elected to the Board of Trustees of the International Association of Gaming Regulators (IAGR)
- Attendance at the Annual Conference of the International Association Gaming Regulators (IAGR).
- Staff reduction by fifty percent (50%)

Objectives that link to MOFP's Strategic Objectives

1. Limiting opportunities for crime and terrorist financing related to casino gaming operations.

Approval of Integrated Resort Developments (IRDs)

The Commission, within its areas of responsibility, continue to provide timely responses to queries from prospective investors as well as to the general public on the status of the approved IRDS.

Casino Gaming Licence

The CGA provides for operation under a casino gaming licence or a temporary casino gaming licence.

A temporary casino gaming licence requires the Minister's authorization subsequent to his receipt of an application to the effect as required by Section 26 of the CGA. The Minister may, upon considering an application under this section, if he thinks fit and subject to such conditions as he may specify, issue an authorization to the Commission to consider an application for a temporary casino gaming licence from an approved developer or his nominee. The approved developer in respect of whom an authorization has been issued by the Minister, may then apply to the Commission for the grant of a temporary casino gaming licence.

If an authorization is issued, the Commission will be required to consider an application for a temporary casino gaming licence.

The Minister having considered an application from Celebration Jamaica Development Limited, authorized the Commission to accept an application from the company and to grant to the applicant, a casino gaming licence or a temporary 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 licenses worldwide and ensures Jamaica will maintain internationally accepted standards for casino licensing and be recognized accordingly.

Notwithstanding the authorization issued by the Minister no applications for a temporary casino gaming licence were received by the Commission. Further, no applications for a casino gaming licence were received during the period in review.

Policy Recommendations

The Commission provided the following policy recommendation during 2016/17.

Development of overarching gambling policy with particular reference to internet gaming

With the integrated resort development orders issued, Jamaica has made further progress towards the establishment of a casino industry in this country.

Casino gaming will be in competition with already established forms of gaming – gaming lounges, lotteries and wagering and betting. Competition from cruise liner casino gaming and internet gaming will also have an impact on the gambling industry in Jamaica.

The Commission expressed concern there is no overarching Government policy with respect to the on-going development and expansion of gambling activities and consistency of regulatory approach within Jamaica. Jamaica's international rating could be affected by the absence of a clear policy on gambling and its development and this could affect the country's ability to attract the desired investors, partners and visitors the gambling industry requires.

Accordingly, the Commission has requested an overarching gambling policy position for Jamaica be developed. Notwithstanding the Commission's request, it is anticipated that the overarching gambling policy will be addressed in the merger process.

Legislation

During the period under review, the Commission continued its undertaking of those legislative activities pertinent to the performance of its regulatory functions. The following were achieved:

- (1) Completed drafting of the Regulations,
- (2) Amendment of the CGA
- (3) Establishment MOUs with MOCA and JCF
- (4) Regular attendance at CFAFT/MEV meetings, forum and participation in the mutual evaluation of Jamaica.

Amendments to the Casino Gaming Act

The Legislative Committee was active in the drafting and review of the draft Bill entitled "*An Act to amend the Casino Gaming Act.*" The draft Bill was reviewed, amended and approved by the Legislation Committee of the Cabinet on August 19, 2015. The draft bill was subsequently tabled in the Houses of Parliament, however the approval process experienced some delay due to the prorogation of Parliament and the process was repeated in 2016.

Regulations

A Consultant Legislative Drafter was engaged to prepare the other Section 72 Regulations to accompany the CGA.

The Legislative Committee was very active in preparing and reviewing draft Regulations. Significant ground work was achieved during this period and the following Regulations were completed:

- a. The Casino Gaming (Accounting & Internal Controls) Regulations 2016,
- b. The Casino Gaming (Audit) Regulations, 2016
- c. The Casino Gaming (Gaming Machines & Gaming Equipment) Regulations, 2016.
- d. The Casino Gaming (Exclusion and Self Exclusion) Regulations, 2016
- e. The Casino Gaming (Powers and Duties of Inspectors and Authorized Persons) Regulations 2016

The draft regulations were submitted to the MOFPS then to the CPC for finalization before submission to Parliament for approval. The CPC had expressed concerns for the use of an external drafting consultant. Since then a meeting with The Honourable Minister of Justice and the CPC result in protocols for all future drafting.

Memoranda of Understanding (MOUs)

MOUs were established with the Major Organized Crime and Anti-Corruption Agency (MOCA) and the Jamaica Constabulary Force.

Caribbean Financial Action Task Force (CFATF)

The Commission continued to be an active participant in CFATF/POCA meetings and forums. The Commission assisted in providing useful information on the casino gaming industry and communicated to CFATF that the Commission is established on the international standards and best practices established by the industry and intends to operate consistently with those standards. The Commission also participated in the plenary review session of the Mutual Evaluation of Jamaica.

Investigations and Enforcement

The Commission continued to build capacity and establish working relationships through meetings and discussions with its parent ministry (MOFP), external agencies and organizations, particularly with the Major Organized Crime and Anti-Corruption Agency (MOCA), the Financial Investigations Division (FID) and the Betting Gaming and Lotteries Commission (BGLC).

In anticipation of an application from an Integrated Resort Developer for the granting of a casino gaming licence or a temporary casino licence the Commission undertook a number of key initiatives. A casino licence application requires a fit and proper investigation, as mandated by the Casino Gaming Act, to establish the suitability of the applicant to be granted such a licence. This due diligence and probity investigation includes integrity and financial investigations of the applicant.

As the Commission does not have the necessary skills and in-house expertise to undertake an investigation of this type and scope it determined the Commission would outsource this investigation to a consultant with international experience and investigative reach within the casino gaming industry. The process would be managed by staff of the Commission.

Accordingly, a Casino Licence Application Assessment Project (CLAAP) team has been established for the selection, monitoring and controlling of gaming research and professional services firm who will undertake background checks on prospective applicants to establish their suitability to operate casinos in Jamaica. The following are key deliverables to establish fit and proper criteria, and are detailed in the terms of reference for the investigative consultant:

- a. financial soundness;
- b. probity;
- c. operation experience;
- d. legality; and
- e. a demonstration of experience and capability.

To enhance the Project, a Probity Plan has been established to provide a framework to ensure the highest standards of probity and transparency are achieved and maintained throughout the Project. The Plan has been approved by the Board of Commissioners and has been provided to the MOFP for submission to Cabinet for further approval. The Plan details probity issues and the actions to be taken throughout the process to ensure:

- a. confidence is preserved in the assessment process;
- b. assessment decisions and processes are defensible;

- c. an assessment is conducted with integrity, objectivity and consistency;
- d. confidential information is kept secure;
- e. all actual, potential or perceived conflicts of interest are addressed and effectively managed;
- f. accountability is maintained; and
- g. the risk of legal challenges arising out of the assessment process because of a probity issue is minimized.

Standards for Gaming Equipment in Casinos

The Commission has adopted the GLI Technical Standards for Gaming Equipment for use in casinos, and as required by the CGA consulted with the Bureau of Standards to seek their agreement to support the Commission's decision to adopt the GLI Standards.

The Commission determined to adopt already developed standards for gaming equipment, including gaming machines, from well-established gaming regulators and independent testing laboratories. The GLI standards recognised by gaming regulators worldwide but more importantly they have been adopted extensively in the Americas including - USA State and Tribal regulators (Massachusetts, Missouri, Connecticut), Canadian Provinces (British Columbia, Alberta, Nova Scotia) and the Caribbean Community (Bahamas, Virgin Island, Panama).

Adoption of the GLI standards will have significant market/commercial advantages for the Jamaica casino operators without reducing the integrity of gaming threshold from the Commission's perspective.

The Commission received Ministerial approval of the GLI standards which are also gazette. The Standards are available on Bureau of Standards website and library. The Standards are Jamaican National Standards for the Casino Industry.

International Cooperation

The Commission has maintained its membership of the International Association of Gaming Regulators (IAGR) and also of significance is the ongoing support of the Casino Gaming Commission of New Jersey who gave permission to the Commission for the adoption/adaptation of their regulations for use in Jamaica and has continued to provide training opportunities for the management of the Commission.

Staff of the Commission play an active role as members of the IAGR Sub-Committees – Technical Standards, Communications, Governance and Multi-Jurisdiction Business Form, ensuring the Commission is seen as an international standard casino regulator.

The Chief Executive Officer (Acting) has been elected as a Member of the Board of Trustees of the IAGR.

International Conferences

In October 2016 the CEO (Acting) attended the IAGR Conference in Australia. IAGR consists of representatives from gaming regulatory organizations throughout the world. The mission of IAGR is to advance the effectiveness and efficiency of gaming regulation by providing a forum in which gaming regulators from around the world can meet, exchange views and information, and discuss policy issues among themselves and with representatives of the international gaming industry; a means of fostering cooperation between gaming regulators in the performance of their official duties; and a central point of contact for inquiries from governments, gaming regulatory agencies and personnel, and representatives of the international gaming industry.

The conference focused on challenges faced by regulators as they seek to improve the effectiveness and efficiency of gambling oversight. IAGR members representing gaming jurisdictions from throughout the world including those in North America, Europe, Asia-Oceania, Africa, Central America, Caribbean and South America were in attendance. Industry representatives also attended the conference.

Attendance at the conference provided an opportunity for all participants to interact, share experiences and to be exposed to industry best practices, while cognizant of the fact that no two markets are the same.

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

Governance

During 2016/17 the Board of Commissioners consisted of:

Walter Scott Q.C.	Chairman
Robert Collie	Commissioner
Howard Hamilton	Commissioner
Afeef Lazarus	Commissioner
Howard Mitchell	Commissioner
Ian Murray	Commissioner
Marigold Naar	Commissioner
Robert Russell	Commissioner

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 10 occasions. All statutory reporting requirements have been met including Monthly Cash Flow Requests, Monthly Financial Reports, Quarterly and Half-year Reports and Annual Reporting.

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 a management tool to guide the operations of the organization in carrying out the various functions as required. They are incorporated with the Board Minutes.

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:

- Audit Committee
- Finance Committee
- Legislative Committee
- Human Resources Committee
- Procurement Committee

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

Audit Committee

The Audit Committee assisted the Board of Commissioners in fulfilling its accountability for the efficient and effective performance for:

1. The integrity of the Commission's financial statements;
2. The Commission's compliance with legal and regulatory requirements;
3. The independent auditor's qualifications, independence and performance;
4. The internal controls and control environment, and
5. The performance of the Commission's internal audit function

The committee provided oversight of the internal and external audit functions of the Commission, in addition to performing its substantive role as the Audit Committee of the Commission. The duties of the Audit committee are as set out in section 9 of the Public Bodies Management Act and include:

- Advising the Board on the practices and procedures which will promote productivity and the quality and volume of service;
- Reviewing and advising the board on the financial statements that are to be included in the annual report of the Commission
- Reviewing and advising the board on the annual auditor's report

Finance Committee

The Finance Committee coordinated the Board's financial oversight responsibilities and has oversight for the planning, development, implementation, monitoring, and evaluation of Commission's policies and programs for funding, financial management, facilities management, assets, risks, and insurance.

Legislative Committee

The Legislative Committee has been established as a working committee of the Board in order to provide management oversight and guidance with respect to legislative matters with the amendments to the Act and the drafting of the necessary regulations being the primary matters considered.

Human Resources Committee

The Human Resources Committee of the Casino Gaming Commission was established by the Board of Directors as a means by which the Board provided guidance on the human resources management of the Commission. Its primary responsibility includes reviewing, monitoring and making recommendations to the Board of Directors on the Commission's human resources strategy and policies.

Procurement Committee

The Procurement Committee was established in accordance with the provisions of the GoJ Procurement Handbook. The main role of the committee is to conduct independent review and evaluation of purchasing, documentation and to recommend the most appropriate supplier or service provider based on price, quality, stock availability, and such other relevant considerations. As per the Procurement Handbook, the Committee is required to review and endorse a recommendation for the award of contracts in excess of \$1,500,000.00 and below \$5,000,000.00. There were no committee meetings as there were no contracts valued more than the minimum threshold of \$1,500,000.00.

Board and Committee meetings held/attended

	Board (10)	Audit (3)	Finance (5)	Legislative (6)	Human Resources (4)
Mr Scott	Chair (9)				
Mr Lazarus	Member (10)		Member (5)	Chair (6)	
Mr. Hamilton	Member (8)		Member (5)		
Mr Mitchell	Member (9)	Member (3)			Chair (4)
Mr Murray	Member (10)	Chair (3)			Member (4)
Mr Collie	Member (3)		Member (0)		Member (0)
Mr. Russell	Member (6)				
Mrs Naar	Member (10)	Member (3)	Chair (5)		

Staffing

The former **Chief Executive Officer resigned** at the beginning of the financial year and as at the end of the financial year the staff was reduced by fifty percent (50%).

Training

Managers and staff of the Commission attended and participated in the following training opportunities:

- Betting Gaming and Lotteries Gaming Summit.
- Jamaica Institute of Financial Services Cybercrime Seminar.
- Jamaica Bankers Association and Jamaica Institute of Financial Services Annual Anti-Money Laundering /Counter Financing of Terrorism Annual Conference.
- Seminar for New Managers – Jamaica Bankers Association.

Audit

Messrs. McKenley and Associates, Chartered Accountants, continued as the External Auditors to the Commission. The Commission completed its audit for the financial year 2016/17 during April 2017, which was within the timeframe to meet the July 31, 2017 deadline required by the PBMA, and the completed report was submitted to MOFP accordingly.

Financial Statements – Audited Report

The Financial Statements were audited by independent accountants. The audit firm is a member of the Chartered Accountants in Ireland (CAI). The audit firm is required to review and endorse a report on the financial statements if the value of the company is less than €1,500,000 and below to review and endorse a report on the financial statements if the value of the company is less than €1,500,000. There were no contingent liabilities or provisions identified in the financial statements.

Board and Committee Meetings

Board (10)	Chair (9)	Finance (7)	Legislative (6)	Human Resources (5)
Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]
Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]
Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]
Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]
Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]
Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]
Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]
Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]
Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]
Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]	Mr. [Name]

The former Chief Executive Officer resigned in the beginning of the financial year and at the end of the financial year the role was reduced by 50%.

Training

- Training for New Managers - [Name]
- Training for Existing Managers - [Name]
- Training for Financial Services - [Name]
- Training for [Name]

Miss [Name] and [Name] completed their Chartered Accountants (CA) qualification in 2017. The Commission completed its audit for the financial year 2016/17 during 2017, which was within the time frame to meet the July 31, 2017 deadline required by the FRSMA, and the completed report was submitted to AIFOS accordingly.



McKENLEY
& ASSOCIATES
CHARTERED ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

Income statement	1
Statement of financial position	2
Statement of cash flows	3
Statement of changes in reserves	4
Notes to the financial statements	5-12



**McKENLEY
& ASSOCIATES**
CHARTERED ACCOUNTANTS

2 Seymour Avenue, Unit 11
Seymour Park, Kingston 6
Phone: (876) 978-3129 / (876) 978-9789
Fax: (876) 927-6409
Website: www.wmckenley.com

To the Members of
The Casino Gaming Commission

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

To the Members of
The Casino Gaming Commission

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Casino Gaming Commission ("the Commission"), which comprise Statement of Financial Position as at 31 March 2017 and the Income Statement, statement of cash flows and statement of changes in reserves for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Commission as at 31 March 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission within the meaning of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Ministry of Finance either intends to liquidate the Commission or cease operations, or has no realistic alternative but to do so.

Management is responsible for overseeing the Commission's financial reporting process.



**McKENLEY
& ASSOCIATES**
CHARTERED ACCOUNTANTS

2 Seymour Avenue, Unit 11
Seymour Park, Kingston 6
Phone: (876) 978-3129 / (876) 978-9789
Fax: (876) 927-6409
Website: www.wmckenley.com

To the Members of
The Casino Gaming Commission

Independent Auditor's Report (continued)

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.

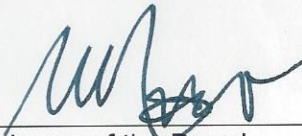
In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required in the manner so required.

Chartered Accountants
28 June 2017
Kingston, Jamaica

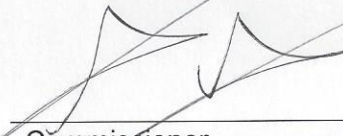
	<u>Note</u>	<u>2017</u> \$	<u>2016</u> \$
Revenue			
Grant income	2(e)	60,458,614	69,416,749
Interest Income		4,917	6,602
Total operating revenue		<u>60,463,531</u>	<u>69,423,351</u>
Operating expenses			
Administrative	3	61,906,634	66,845,565
Finance	4	77,950	32,207
Total operating expenses		<u>61,984,584</u>	<u>66,877,772</u>
(Deficit) /surplus from operations		<u>(1,521,053)</u>	<u>2,545,579</u>
Taxation	5	-	-
Net (deficit) /surplus for the year		<u><u>(1,521,053)</u></u>	<u><u>2,545,579</u></u>

	<u>Note</u>	<u>2017</u> \$	<u>2016</u> \$
Non- Current Assets			
Property, plant and equipment	6	7,328,081	9,443,303
Current assets			
Receivables	7	610,795	381,487
Cash & bank	8	180,045	23,779
		790,840	405,266
Total Assets		<u>8,118,921</u>	<u>9,848,569</u>
Equity and liability			
General fund		7,518,923	9,039,976
Current liability			
Payables	9	599,998	808,593
Total reserves and liability		<u>8,118,921</u>	<u>9,848,569</u>

Approved for issue on behalf of the Commission on June 28, 2017, and signed on its behalf by:



 Chairman of the Board



 Commissioner

	<u>Note</u>	<u>2017</u>	<u>2016</u>
		\$	\$
Cash flows from operating activities:			
(Deficit) /surplus for the year		(1,521,053)	2,545,579
Depreciation	6	2,115,222	2,001,356
		<u>594,169</u>	<u>4,546,935</u>
Adjustments :			
(Decrease) /increase			
Receivables		(229,308)	777,665
Payables		(208,595)	(263,727)
		<u>(437,903)</u>	<u>513,938</u>
Cash provided by operating activities		<u>156,266</u>	<u>5,060,872</u>
Investing Activity:			
Purchase of fixed assets		-	(5,974,761)
Cash used in investing activity		<u>-</u>	<u>(5,974,761)</u>
Increase /(decrease) in cash balance		156,266	(913,889)
Cash balance - beginning of the year		23,779	937,668
Cash balance - end of the year		<u>180,045</u>	<u>23,779</u>

	<u>Capital Grant</u>	<u>General Reserve</u>	<u>Total</u>
	\$	\$	\$
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
Surplus for the year	-	2,545,579	2,545,579
Balance as at 31 March 2016	-	9,039,976	9,039,976
Deficit for the year	-	(1,521,053)	(1,521,053)
Balance as at 31 March 2017	-	7,518,923	7,518,923

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, certain new, revised and amended standards and interpretations came into effect before, during and after the current financial year. The majority of the standards and interpretations did not have any significant impact on the financial statements which included the following:

- i. IFRS 13, Fair value Measurement
- ii. IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets.
- iii. IAS Related Party Disclosures
- iv. IAS 1, Presentation of financial statements
- v. Amendments to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation,
- vi. IFRS 12, Disclosure of Interest in Other Entities,
- vii. IFRS 15, Revenue from Contracts with Customers
- viii. IFRS 9, Financial Instruments,

(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.

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

(c) Use of Estimates and judgments

No estimates or judgments were made during the year ended 31 March 2016.

(d) 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.

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%
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 expenditure are charged to the income statement during the financial period in which they are incurred.

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

(e) 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 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.

(f) Receivables

Receivables are carried at historical cost.

(g) 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.

(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 cost.

3. ADMINISTRATIVE EXPENSES

	<u>2017</u>	<u>2016</u>
	\$	\$
Advertising for staff placement	268,542	-
Commissioners fees	391,000	267,500
Licenses & other taxes	494,314	690,974
Depreciation	2,115,222	2,001,356
Insurance	1,203,886	1,226,652
Training	2,385,545	1,110,066
Subscription	308,075	377,935
Postage & cable	76,730	101,640
Utilities	515,453	724,326
Relocation expense	750,300	519,994
Telephone, internet & communication	723,584	623,417
Entertainment & staff welfare	218,755	131,845
Audit fees	1,040,000	622,250
Computer & other repairs & maintenance	997,982	1,086,852
Travelling	5,924,859	5,525,432
Wages & salaries & payroll expenses	40,567,412	47,789,372
Rental of office space	3,600,000	3,600,000
Printing & stationery supplies	324,975	445,954
	<u>61,906,634</u>	<u>66,845,565</u>

4. FINANCE CHARGES

	<u>2017</u>	<u>2016</u>
	\$	\$
Bank charges	77,950	32,207
	<u>77,950</u>	<u>32,207</u>

5. TAXATION

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

6. FIXED ASSETS

	<u>2017</u>			
	<u>Motor vehicle</u>	<u>Furniture & Fixtures</u>	<u>Computers</u>	<u>Total</u>
	\$	\$	\$	\$
At cost :				
1 April 2016	5,670,900	3,045,350	3,382,533	12,098,783
Additions	-	-	-	-
31 March 2017	5,670,900	3,045,350	3,382,533	12,098,783
Acc. Depreciation:				
1 April 2016	1,039,665	475,434	1,140,381	2,655,480
Charge for the year	1,134,180	304,535	676,507	2,115,222
31 March 2017	2,268,360	780,646	1,721,696	4,770,702
Net book value				
31 March 2017	3,402,540	2,264,704	1,660,837	7,328,081
31 March 2016	4,631,235	2,569,916	2,242,152	9,443,303

7. RECEIVABLES

	<u>2017</u>	<u>2016</u>
	\$	\$
Prepaid rent	300,000	-
Other prepayments	310,795	381,487
	610,795	381,487

8. CASH AND BANK

	<u>2017</u>	<u>2016</u>
	\$	\$
Sagicor Bank: current account	180,045	23,779
	180,045	23,779

9. PAYABLES

	<u>2017</u>	<u>2016</u>
	\$	\$
Accruals	599,998	808,593
	599,998	808,593

10. OPERATING SURPLUS/ (DEFICIT) BEFORE TAXATION

The following have been charged arriving at operating (deficit) /surplus:

	<u>2017</u>	<u>2016</u>
	\$	\$
Auditors remuneration	600,000	450,000
Commissioners' fees	391,000	267,500
Management remuneration	29,073,104	39,947,952

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.

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.

11. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 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, current assets exceeded current liabilities by \$191,882 (2016 - (\$403,327) liabilities exceeded assets).

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. SUBSEQUENT EVENT

The Government of Jamaica (GOJ) through the Ministry of Finance (MOF) took the decision to merge a number of government entities that provide oversight to the gaming industry. This will see the Betting, Gaming and Lotteries Commission (BGLC), Jamaica Racing Commission (JRC) and the Casino Gaming Commission (CGC) being merged into an entity with the power and authority to regulate all formal gaming activities throughout the Country. This slated to be completed over the course of the next fiscal year and within the context of the government's public sector transformation agenda.

As a consequence, this may result in the operations of the Commission being significantly scaled down after the reporting year end.

**CASINO GAMING COMMISSION
DIRECTORS COMPENSATION
For Year Ended March 31, 2017**

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	67,500				67,500
COMMISSIONER 1	48,500				48,500
COMMISSIONER 2	38,000				38,000
COMMISSIONER 3	50,000				50,000
COMMISSIONER 4	35,000				35,000
COMMISSIONER 5	54,500				54,500
COMMISSIONER 6	59,500				59,500
COMMISSIONER 7	39,000			150,600	189,600
					0
Total	392,000	0	0	150,600	542,600

Notes

**CASINO GAMING COMMISSION
COMPENSATION FOR SENIOR EXECUTIVES
For Year Ended March 31, 2017**

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
	(\$)	(\$)	(\$)	(\$)	(\$)		(\$)
Chief Executive Officer	1,512,098	-	120,000				1,632,098
General Counsel/Acting CEO	10,279,786	2,522,447	111,752				12,913,985
Director of Finance & Administration	4,396,205	1,096,384	1,341,024				6,833,613
Director of Investigations and Enforcement	4,568,406	1,783,979	1,341,024				7,693,409
Total	20,756,495	5,402,809	2,913,800	0	0	0	29,073,104

Notes: