



THE BETTING, GAMING AND LOTTERIES COMMISSION

**31st Annual Report
For the Year 2005-2006**

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CHAPTER ONE

OVERVIEW

1.1 Introduction

This marks the thirty first Annual Report of the Betting, Gaming and Lotteries Commission since its establishment in 1975. The report examines developments in the Betting, Gaming and Lottery Sectors for the period April 01, 2005 to March 31, 2006.

1.2 The Commission

The Betting, Gaming and Lotteries Commission is an independent statutory body established in 1975 under the provisions of the Betting, Gaming and Lotteries Act. The Commission licences, regulates and monitors the gaming industry, facilitates its growth and development and protects the public from unfair, unscrupulous and illegal activities.

Specifically, the Commission:

1. regulates and controls the operation of betting and gaming, and the conduct of lotteries in the island;
2. grants permits, licences and approvals to persons or entities considered fit and proper to conduct betting, gaming and lotteries activities.
3. examines, in consultation with such organizations and persons as it considers appropriate, problems relating to the operation of betting and gaming and the conduct of lotteries in the island;
4. furnishes information and advice and makes recommendations to the Minister of Finance and Planning with respect to the exercise of his function under the Act;
5. conducts investigations, studies and surveys for the purpose of obtaining information for use in the exercise of its functions.
6. advises the Minister of Finance and Planning and recommends legislative amendments pertaining to the Act, Regulations and Orders to ensure an orderly development of the industry.

CHAPTER ONE - OVERVIEW

Vision

“To be a world class gaming facilitator providing timely and equitable quality service to all stakeholders.”

1.3 Board of Commissioners

The Board of Commissioners consists of seven members and has the overall responsibility for corporate governance and the strategic direction of the Commission.

The Board comprises Chairman Walter Scott and Commissioners Paul Davis, Lorna Green, Dorothy Miller, Clive Nicholas, Las Perry and Hugh Reid.

Ms. Lorna Green resigned from the Board in October 2005 and was replaced by Mr. Vaughn Goodison who was appointed in March 2006.

Composition of Board Sub-Committees

Audit

Clive Nicholas (Chairman)

Paul Davis

Hugh Reid

Legislative

Walter Scott (Chairman)

Paul Davis

Dorothy Miller

Finance

Hugh Reid (Chairman)

Clive Nicholas

Lorna Green

Human Resource

Las Perry (Chairman)

Lorna Green

Dorothy Miller

The Executive Director also serves on each Sub-Committee.

Composition of Executive Management

Name	Position	Annual Basic Salary \$	Annual Allowances \$
Derek Peart	Executive Director	3,750,000	237,500
Leslie Wright	Director of Betting	2,234,241	647,988
Wayne Stewart	Director of Gaming & Lotteries	2,122,528	515,275
Carl Hill	Director of Enforcement	2,234,241	277,775
Merrick Brown	Director of Finance & Administration	2,350,000	475,000
Monique Harrison-Beckford	Legal Officer (Acting)	1,575,000	360,261

CHAPTER ONE - OVERVIEW

1.4 INDUSTRY STATISTICS AT A GLANCE – 2005/2006

Betting Sector	
Promoter – Caymanas Park Limited	62 off track betting parlours
	81 local race meets
	307 simulcast race days
Bookmakers	11 bookmakers
	372 licensed betting offices
	81 local race days
	52 weeks of overseas races
	49 weeks of overseas sporting events
Sales	\$5.33 billion (Promoter \$3.36B ; Bookmakers \$1.97B)
Levies & Duties Payable	\$395.2 million (Promoter \$199.3M; Bookmakers \$195.8M)
Levies & Duties Paid	\$244.07 million (Promoter \$46.3M; Bookmakers \$197.7M)
Lotteries Sector	
Sales	\$13.46 billion
Prize Payouts	\$9.05 billion
Levy Payments	\$909.48 million
Good Causes/CHASE Contributions	\$716.99 million
Gaming Sector	
Gaming Lounge-GPT*	\$39.14 million
Gaming Lounge-Contribution*	14.52 million
Gaming Machines Licensed	4189
Other Gaming Machines Levy	\$34.83 million
Other Gaming Machines License Fee	\$10.19 million
Prize Promotions	
Applications Received	402
Applications Approved	250
Applications requiring no Approval	48
Enforcement	
Operations	237
Arrests	35 persons
Convictions	23 persons
Gaming Machines Seized	1050

* Payments received between November 2005 and March 2006

CHAPTER TWO

BETTING SECTOR

2.1 Introduction

The betting sector is comprised of Caymanas Track Limited, referred to as the Racing Promoter and 11 bookmakers, the same number that operated for the greater part of the previous year.

During the financial year, the sector's primary income was derived from horse racing, promoted locally by Caymanas Track Limited (CTL) which in conjunction with six of the 11 bookmakers accepted bets on simulcast races from the United Kingdom, United States of America and Australia to approved locations island wide.

The operations of the promoter were aided by a network of 62 Off Track Betting (OTB) parlours, while the bookmakers secured their income from a network of 372 betting offices located island wide.

2.2 Sales Performance

The sector's sales for the review period were achieved from 81 days of local racing, 307 days of simulcast racing by the Promoter and 52 weeks of overseas racing by bookmakers. The sector recorded growth of 8.25% with sales of \$5.33 billion against the previous year's total of \$4.93 billion.

Table 1 provides a summary of the Promoter's sales for the fiscal years April 2001 to March 2006. The Promoter's performance for the 2005/2006 financial year produced record sales of \$3.36 billion, an increase of 11.09% over the previous financial year during which sales of \$3.02 billion were achieved. Sales on local races progressed from \$1.65 billion for the previous financial year to \$1.86 billion, over the review period, the highest ever. The increase may have been caused by the number of local race days increasing from 79 in 2004/2005 to 81 over the review period.

Sales on simulcast races for the review period also showed a record increase for the five years April 2001 to March 2006, moving from \$1.37 billion in the 2004/05 period to \$1.50 billion for the 2005/2006 fiscal year, an increase of 9.34%. The average daily sales also increased by 8.63% moving from \$4.50 million in 2004/2005 to \$4.89 million over the review period.

CHAPTER TWO – BETTING SECTOR

TABLE 1
SUMMARY OF RACING PROMOTER SALES
FISCAL YEARS APRIL 2002 - MARCH 2006

RACING PROMOTER	Y/E MAR. 2002	Y/E MAR. 2003	VARIANCE	Y/E MAR. 2004	VARIANCE	Y/E MAR. 2005	VARIANCE	Y/E MAR. 2006	VARIANCE
	\$'000	\$'000		\$'000		\$'000		\$'000	
LOCAL	1,805,683	1,658,836	-8.13%	1,577,737	-4.89%	1,650,283	4.60%	1,857,269	12.54%
NO. OF RACE DAYS	93	95		87		79		81	
AVG. SALES	19,416	17,461	-10.07%	18,135	3.86%	20,890	15.19%	22,929	9.76%
SIMULCAST	1,109,256	1,100,335	-0.80%	1,268,042	15.24%	1,372,068	8.20%	1,500,235	9.34%
NO. OF RACE DAYS	307	336		312		305		307	
AVG. SALES	3,613	3,275	-9.37%	4,064	24.11%	4,499	10.69%	4,887	8.63%
RACING POOLS	21,613	16,302	-24.57%	2,282	-86.00%	N/A		N/A	
NO. OF POOLS MEET	52	52		12					
AVG. SALES	416	313	-24.57%	190	-39.34%		-100.00%		
TOTAL	2,936,552	2,775,473	-5.49%	2,848,061	2.62%	3,022,351	6.12%	3,357,504	11.09%

Table 2 provides information on the bookmakers' sales performance over the five year period April 2001 - March 2006. Bookmakers' sales for the review period showed a 3.74% increase over the performance of the previous year moving from \$1.90 billion in 2005 to \$1.98 billion over the review period and it should be noted that this performance was only marginally below the \$2.03 billion recorded in 2001-2002, the year that saw the highest total for the five year period 2002 -2006.

Sales on local races showed a 2.61% increase, moving from \$1.10 billion in the financial year 2004/2005 to \$1.13 billion for the review period. Recorded sales on overseas races were \$837.27 million, an increase of 5.82% over the previous year's total of \$791.19 million. This performance was the best for the five year period, 2002-2006. Notwithstanding the record increase for sales on overseas races, sales on other sporting events recorded a sharp decline of 30.89% moving from \$11.57 million for the financial year 2004/2005 to \$7.99 million for the year under review. This decline may be attributed to there being no major sporting event of significance to the betting public over the review period, excepting the annual wagering on American football and basketball.

Tables II and **Figure I** further details the sector's performance over the five year period April 2001 to March 2006 and provide additional statistical information on the Promoter and bookmakers. The performances of both the Promoter and bookmakers were encouraging and for the first time the sector recorded sales in excess of \$5 billion.

CHAPTER TWO – BETTING SECTOR

TABLE 2
SUMMARY OF BOOKMAKERS' SALES
FISCAL YEARS APRIL 2002 - MARCH 2006

	Y/E MAR. 2002	Y/E MAR. 2003	VARIANCE	Y/E MAR. 2004	VARIANCE	Y/E MAR. 2005	VARIANCE	Y/E MAR. 2006	VARIANCE
BOOKMAKERS	\$'000	\$'000		\$'000		\$'000		\$'000	
LOCAL	1,310,854	1,077,610	-17.79%	1,052,846	-2.30%	1,101,562	4.63%	1,130,358	2.61%
NO. OF RACE DAYS	93	95		87		79		81	
AVG. SALES	14,095	11,343	-19.52%	12,102	6.69%	13,944	15.22%	13,955	0.08%
OVERSEAS	717,412	687,278	-4.20%	750,218	9.16%	791,197	5.46%	837,270	5.82%
NO. OF RACE WEEKS	52	52		52		52		52	
AVG. SALES	13,796	13,217	-4.20%	14,427	9.16%	15,215	5.46%	16,101	5.82%
OTHER EVENTS	N/A	2,574		9,266		11,566		7,993	-30.89%
TOTAL FOR OVERSEAS	717,412	689,853	-3.84%	759,484	10.09%	802,763	5.70%	845,263	5.29%
TOTAL FOR BOOKMAKERS	2,028,266	1,767,463	-12.86%	1,812,330	2.54%	1,904,325	5.08%	1,975,621	3.74%
TOTAL FOR RACING PROMOTER	2,936,552	2,775,473	-5.49%	2,848,061	-2.55%	3,022,351	6.12%	3,357,504	11.09%
INDUSTRY TOTAL	4,964,818	4,542,936	-8.50%	4,660,391	2.59%	4,926,676	5.71%	5,333,125	8.25%

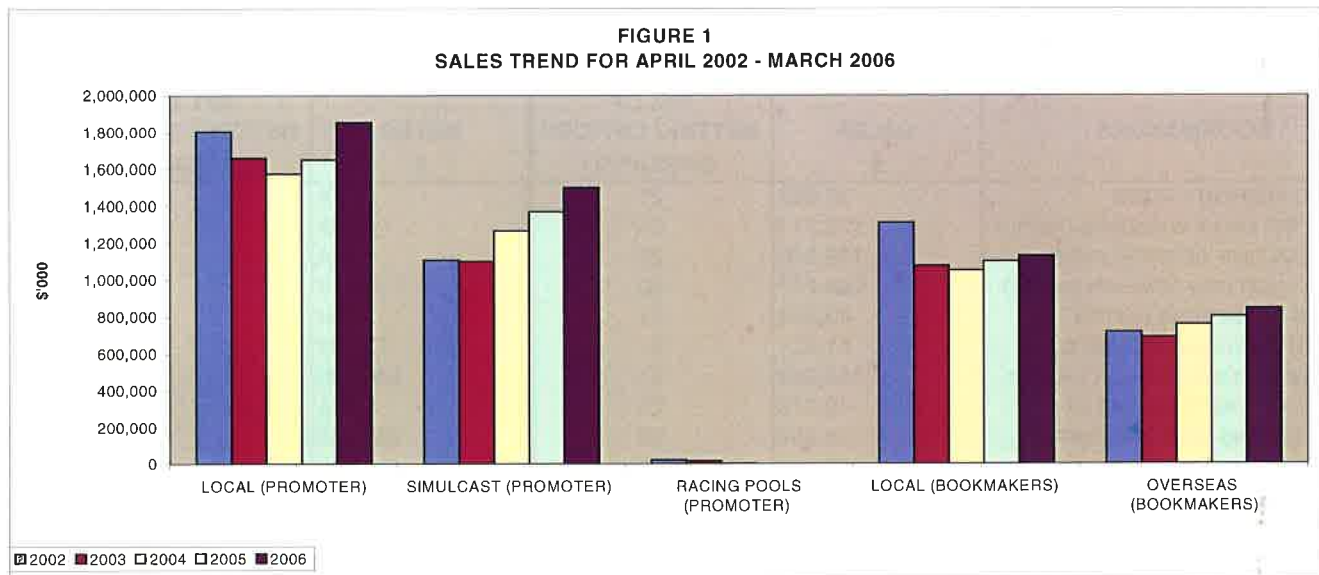


Figure 2 shows that the Promoter continues to dominate sales generated within the sector and for the review period was responsible for 56% while bookmakers were responsible for the remaining 44%. Also of significance is the fact that sales on local races were responsible for 56.02% of the sector total, while sales on overseas races were responsible for 43.98% and sales on other sporting events 0.15%.

2.3 Competition

Table 3 provides statistical information on the performance of individual bookmakers for the review period. Track Price Plus Limited with a total of 66 betting offices located island wide was the dominant bookmaker with respect to sales generated over the review period.

CHAPTER TWO – BETTING SECTOR

The company recorded overall reported sales of \$619.89 million for local and overseas racing, with \$275.31 million being generated from sales on local races and the remaining \$344.60 million coming from sales on overseas races and other sporting events.

Champion Betting Company Limited with total sales of \$418.66 million from 50 betting offices in operation saw \$214.42 million being generated from sales on overseas races and \$204.27 million from sales on local races was the second largest bookmaker. Total Betting Limited with 11 betting offices that accepted bets on local races recorded the lowest reported sales of \$16.20 million.

**TABLE 3
BOOKMAKERS SALES LOCAL & OVERSEAS
FISCAL YEAR APRIL 2005 - MARCH 2006**

BOOKMAKERS	LOCAL RACING		OVERSEAS RACING	
	SALES \$	NO. OF BETTING OFFICES OPERATED	SALES \$	NO. OF BETTING OFFICES OPERATED
BIG "A" TRACK 2003 LIMITED	37,809	21	N/A	N/A
CAPITAL BETTING & WAGERING LIMITED	120,511	38	N/A	N/A
CARIBBEAN TURF SERVICE LIMITED	106,970	22	N/A	N/A
CHAMPION BETTING COMPANY LIMITED	204,247	50	214,417	30
CHARLES OFF BETTING LIMITED	43,308	41	454	4
IDEAL BETTING COMPANY LIMITED	61,421	27	73,087	17
MARKHAM BETTING COMPANY LIMITED	163,249	31	106,283	20
POST TO POST BETTING LIMITED	42,373	23	N/A	N/A
SUMMIT BETTING COMPANY LIMITED	58,959	38	106,442	24
TOTAL BETTING LIMITED	16,201	11	N/A	N/A
TRACK PRICE PLUS LIMITED	275,310	66	344,580	53
TOTAL	1,130,358	368	845,263	148

An examination of the comparative sales of individual bookmakers for local and overseas races between the financial years ended March 2004 and 2005 is presented in **Table 4**.

All bookmakers with the exception of Total Betting Limited and Track Price Plus Limited showed increases in reported sales on local races. Ideal Betting showed the largest increase in this betting mode of 22.32% with reported sales of \$61.42 million during the review period compared with \$50.21 million recorded during the comparative period of the preceding year. On the converse, the largest decline was recorded by Track Price Plus Limited with reported sales of \$275.31 million for the financial year ended March 2006, a 9.71% decline when compared to the previous year during which the total was \$304.91 million.

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Table 4 also shows that increased sales on overseas races were recorded by four of the six bookmakers accepting bets on this betting mode with Ideal Betting Company Limited achieving the largest increase of 39.28% as sales progressed from \$52.48 million in 2005 to \$73.09 million over the review period.

Track Price Plus Limited and Charles Off Betting Limited both reported declines in sales on overseas races of 8.88% and 95.52% respectively. In the case of Track Price Plus Limited sales moved from \$378.17 million in the previous financial year to \$344.58 million over the review period. Charles Off Betting Limited reported decreased sales from \$10.07 million for the 2005 fiscal year to \$453,968 for the fiscal year 2006. It should be noted however, that the Bookmaker only accepted bets on this betting mode during April 2005.

TABLE 4
BOOKMAKERS' COMPARATIVE SALES
FISCAL YEAR ENDED MARCH 2005 AND MARCH 2006

BOOKMAKERS	LOCAL 2005	LOCAL 2006	VARIANCE	OVERSEAS 2005	OVERSEAS 2006	VARIANCE
	\$'000	\$'000		\$'000	\$'000	
BIG 'A' TRACK (2003) LIMITED	36,681	37,809	3.07%	N/A	N/A	N/A
CAPITAL BETTING & WAGERING LIMITED	113,991	120,511	5.72%	N/A	N/A	N/A
CARIBBEAN TURF SERVICE LIMITED	90,903	106,970	17.67%	N/A	N/A	N/A
CHAMPION BETTING COMPANY LIMITED	196,286	204,247	4.06%	179,733	214,417	19.30%
CHARLES OFF BETTING LIMITED	43,119	43,308	0.44%	10,074	454	-95.49%
IDEAL BETTING COMPANY LIMITED	50,214	61,421	22.32%	52,475	73,087	39.28%
MARKHAM BETTING COMPANY LIMITED	152,003	163,249	7.40%	94,276	106,283	12.74%
POST TO POST BETTING LIMITED	35,635	42,373	18.91%	N/A	N/A	N/A
SUMMIT BETTING COMPANY LIMITED	55,521	58,959	6.19%	88,034	106,442	20.91%
TOTAL BETTING LIMITED	16,876	16,201	-4.00%	N/A	N/A	N/A
TRACK PRICE PLUS LIMITED	304,905	275,310	-9.71%	378,171	344,580	-8.88%
WESTERN TRACK LIMITED	5,428	0	-100.00%	N/A	N/A	N/A
TOTAL	1,101,562	1,130,358	2.61%	802,763	845,263	5.29%

Shown at **Table 5** is the comparative data on individual bookmakers payouts for the fiscal years 2004/2005 and 2005/2006. An analysis of the overall payouts on local races for the review period show a decline of 2.47% when compared to the corresponding period of the previous year, with bookmakers paying out \$691.18 million during the review period compared to the previous financial year during which \$708.66 million was paid out.

Post to Post Betting Limited recorded the largest increase in payouts of 25.13% moving from \$21.35 million for the fiscal year 2004/2005 to \$26.72 million for 2005/2006. Track Price Plus Limited recorded the largest decline of 18.21% paying out \$167.42 million for the review period as opposed to \$204.68 million for the previous financial year.

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Payouts from sales on overseas races increased by 0.81% for the period under review when compared to the corresponding period of the previous year, moving from \$556.94 million in 2005 to \$561.45 million. Charles Off Betting Limited recorded the largest decline in payouts of 95.52% moving from \$8.07 million in 2005 to \$361,237 during the review period with the bookmaker only operating for the month of April. On the converse, Ideal Betting Company Limited recorded the largest increase in payouts of 38.83% moving from \$35.92 million in 2005 to \$49.87 million in 2006.

TABLE 5
BOOKMAKERS' COMPARATIVE PAYOUTS
FISCAL YEAR ENDED MARCH 2005 AND MARCH 2006

BOOKMAKERS	LOCAL 2005	LOCAL 2006	VARIANCE	OVERSEAS 2005	OVERSEAS 2006	VARIANCE
	\$'000	\$'000		\$'000	\$'000	
BIG 'A' TRACK (2003) LIMITED	22,904	23,134	1.00%	N/A	N/A	N/A
CAPITAL BETTING & WAGERING LIMITED	73,152	77,778	6.32%	N/A	N/A	N/A
CARIBBEAN TURF SERVICE LIMITED	56,924	68,950	21.13%	N/A	N/A	N/A
CHAMPION BETTING COMPANY LIMITED	124,487	119,202	-4.25%	125,938	142,665	13.28%
CHARLES OFF BETTING LIMITED	25,904	27,347	5.57%	8,069	361	-95.52%
IDEAL BETTING COMPANY LIMITED	33,782	38,688	14.52%	35,919	49,867	38.83%
MARKHAM BETTING COMPANY LIMITED	96,926	98,817	1.95%	66,340	72,251	8.91%
POST TO POST BETTING LIMITED	21,354	26,721	25.13%	N/A	N/A	N/A
SUMMIT BETTING COMPANY LIMITED	34,695	33,476	-3.51%	57,702	68,800	19.23%
TOTAL BETTING LIMITED	10,383	9,647	-7.08%	N/A	N/A	N/A
TRACK PRICE PLUS LIMITED	204,682	167,415	-18.21%	262,974	227,501	-13.49%
WESTERN TRACK LIMITED	3,471	0	-100.00%	N/A	N/A	N/A
TOTAL	708,664	691,176	-2.47%	556,943	561,445	0.81%

2.4 Profitability

Table 6 provides information on the gross profit on reported sales of individual bookmakers for the fiscal year 2005/2006. With total sales of \$1.97 billion and payouts of \$1.25 billion, bookmakers achieved an overall gross profit of \$723 million or 36.60% of sales.

Track Price Plus Limited recorded the highest gross profit of \$224.97 million or 36.29% of sales while the lowest was recorded by Total Betting with \$6.55 million or 40.46% of sales.

The sector's average payout of 63.40% is also shown at **Table 6**. The largest payouts as a percentage of sales were recorded by Ideal Betting at 65.84% with overall sales of \$134.51 million and payouts of \$88.56 million, while the lowest at 59.54% were recorded by Total Betting Limited with sales of \$16.20 million and payouts of \$9.65 million.

CHAPTER TWO – BETTING SECTOR

TABLE 6
INDIVIDUAL BOOKMAKERS GROSS PROFIT
FISCAL YEAR APRIL 2005 - MARCH 2006

BOOKMAKERS	SALES \$'000	PAYOUTS \$'000	PAYOUT AS A % OF SALES	GROSS PROFIT	GROSS PROFIT AS A % OF SALES
BIG "A" TRACK 2003 LIMITED	37,809	23,134	61.19%	14,675	38.81%
CAPITAL BETTING & WAGERING LIMITED	120,511	77,778	64.54%	42,733	35.46%
CARIBBEAN TURF SERVICE LIMITED	106,970	68,950	64.46%	38,020	35.54%
CHAMPION BETTING COMPANY LIMITED	418,663	261,867	62.55%	156,796	37.45%
CHARLES OFF BETTING LIMITED	43,762	27,709	63.32%	16,054	36.68%
IDEAL BETTING COMPANY LIMITED	134,508	88,556	65.84%	45,952	34.16%
MARKHAM BETTING COMPANY LIMITED	269,532	171,068	63.47%	98,464	36.53%
POST TO POST BETTING LIMITED	42,373	26,721	63.06%	15,652	36.94%
SUMMIT BETTING COMPANY LIMITED	165,401	102,276	61.84%	63,125	38.16%
TOTAL BETTING LIMITED	16,201	9,647	59.54%	6,554	40.46%
TRACK PRICE PLUS LIMITED	619,890	394,916	63.71%	224,974	36.29%
TOTAL	1,976	1,253	63.40%	723	36.60%

Tables 7 and 8 provide information on the average sales, payouts and gross profits of individual bookmakers for the review period. Bookmakers recorded average gross profits per betting office of \$1.965M from average sales and payouts of \$5.36 million and \$3.40 million, respectively. Track Price Plus Limited recorded the largest average gross profit of \$3.40 million from a total of 66 betting offices, while the lowest average gross profit of \$391,553 was achieved by Charles Off Betting Limited.

TABLE 7
INDIVIDUAL BOOKMAKERS AVERAGE
SALES, PAYOUTS & GROSS PROFIT
FISCAL YEAR APRIL 2005 - MARCH 2006

BOOKMAKERS	BETTING OFFICES	TOTAL SALES \$'000	AVERAGE SALES \$'000	TOTAL PAYOUTS \$'000	AVERAGE PAYOUTS \$'000	GROSS PROFIT \$'000	AVERAGE GROSS PROFIT \$'000
BIG "A" TRACK (2003) LIMITED	21	37,809	1,800	23,134	1,102	14,675	699
CAPITAL BETTING & WAGERING LIMITED	38	120,511	3,171	77,778	2,047	42,733	1,125
CARIBBEAN TURF SERVICE LIMITED	22	106,970	4,862	68,950	3,134	38,020	1,728
CHAMPION BETTING COMPANY LIMITED	50	418,663	8,373	261,867	5,237	156,796	3,136
CHARLES OFF BETTING LIMITED	41	43,762	1,067	27,709	676	16,054	392
IDEAL BETTING COMPANY LIMITED	27	134,508	4,982	88,556	3,280	45,952	1,702
MARKHAM BETTING COMPANY LIMITED	31	269,532	8,695	171,068	5,518	98,464	3,176
POST TO POST BETTING LIMITED	23	42,373	1,842	26,721	1,162	15,652	681
SUMMIT BETTING COMPANY LIMITED	38	165,401	4,353	102,276	2,691	63,125	1,661
TOTAL BETTING LIMITED	11	16,201	1,473	9,647	877	6,554	596
TRACK PRICE PLUS LIMITED	66	619,890	9,392	394,916	5,984	224,974	3,409
TOTAL	368	1,975,621	5,369	1,252,621	3,404	723,000	1,965

CHAPTER TWO – BETTING SECTOR

TABLE 8
INDIVIDUAL BOOKMAKERS COMPARATIVE SALES PERFORMANCE & PAYOUT RATIOS
FISCAL YEAR ENDED MARCH 2005 AND MARCH 2006

BOOKMAKERS	SALES 2005	PAYOUT 2005	% PAYOUT	SALES 2006	PAYOUT 2006	% PAYOUT	CHANGE IN SALES %	CHANGE IN PAYOUT %
	\$'000	\$'000		\$'000	\$'000			
Big 'A' Track (2003) Ltd.	36,681	22,904	62.44	37,809	23,134	61.19	3.07	-2.01
Capital Betting & Wagering Ltd.	113,991	73,152	64.17	120,511	77,778	64.54	5.72	0.57
Caribbean Turf Service Ltd.	90,903	56,924	62.62	106,970	68,950	64.46	17.67	2.93
Champion Betting Company Ltd.	376,019	250,426	66.60	418,663	261,867	62.55	11.34	-6.08
Charles Off Betting Ltd.	53,193	33,973	63.87	43,762	27,709	63.32	-17.73	-0.86
Ideal Betting Company Ltd.	102,689	69,700	67.88	134,508	88,556	65.84	30.99	-3.00
Markham Betting Company Ltd.	246,279	163,266	66.29	269,532	171,068	63.47	9.44	-4.26
Post to Post Betting Ltd.	35,635	21,354	59.93	42,373	26,721	63.06	18.91	5.23
Summit Betting Company Ltd.	143,555	92,397	64.36	165,401	102,276	61.84	15.22	-3.93
Total Betting Ltd.	16,876	10,383	61.52	16,201	9,647	59.54	-4.00	-3.22
Track Price Plus Ltd.	683,077	467,362	68.42	619,890	394,916	63.71	-9.25	-6.89
TOTAL	1,898,897	1,261,842	66.45	1,975,621	1,252,621	63.40	4.04	-4.59

CHAPTER TWO – BETTING SECTOR

2.5 Computerization

The programme for computerization is contingent of the passage of the amendments to the Betting, Gaming and Lotteries Act, particularly as they relate to the issuance of betting permits for five years instead of one year that currently obtains. The longer period of the permit will facilitate amortization of the investment in computer hardware and software, and accessing financing when this is necessary. The fact that the amendments are not in effect has caused a decline in the rate of expansion of computerization in the betting offices, and is impacting negatively on the anticipated efficiency of both their operations as well as the Commission's monitoring and supervising functions.

TABLE 9
BOOKMAKERS COMPUTERIZATION RATE - 2005/06

BOOKMAKERS	# of Shops Operated to the end of fiscal year 2005-2006	# of Shops Computerized to the end of fiscal year 2005-2006	% of Shops Computerized 2005-2006	# of Shops Computerized to the end of fiscal year 2004-2005	# of Shops Computerized to the end of fiscal year 2003-2004	# of Overseas Shops Operated to the end of fiscal year 2005-2006
BIG 'A' TRACK (2003) LTD.	25	0	0%	0	0	0
CAPITAL BETTING & WAG. LTD.	47	11	23%	13	16	0
CARIBBEAN TURF SERVICES LTD.	21	10	48%	10	6	0
CHAMPION BETTING CO. LTD.	54	26	48%	32	31	32
CHARLES OFF BETTING LTD.	42	0	0%	0	0	4
IDEAL BETTING COMPANY LTD.	28	19	68%	16	16	17
MARKHAM BETTING CO. LTD.	35	24	69%	26	26	22
POST TO POST BETTING CO. LTD.	25	3	12%	5	6	0
SUMMIT BETTING CO. LTD.	38	16	42%	15	12	24
TOTAL BETTING COMPANY LTD.	13	0	0%	0	0	0
TRACK PRICE PLUS LTD.	66	59	89%	64	60	55
TOTAL	394	168	43%	181	173	154

2.6 Government Revenue

For the period under review \$395.17 million was payable in taxes, duties and levies by licensees, of which 61.76% or \$244.08 million was paid. **Table 10** shows the taxes, duties and levies, paid and payable for the financial year.

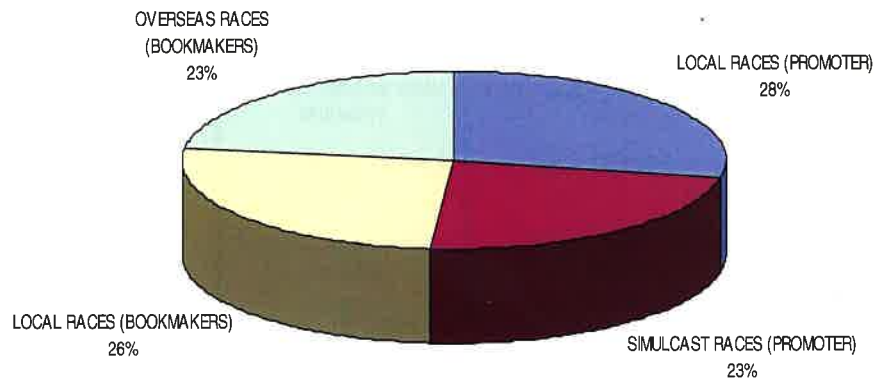
CHAPTER TWO – BETTING SECTOR

**TABLE 10
LEVIES & DUTIES PAYABLE AND PAID
FISCAL YEAR APRIL 2005 - MARCH 2006**

BETTING MODE	TAXES, DUTIES & LEVIES	PAYABLE	PAID
		\$'000	\$'000
BOOKMAKERS			
LOCAL RACING	11% LEVY (April 05 - Oct. 05)	68,574	78,973
	16.5% GROSS PROFIT TAX (Nov. 05 - Mar. 06)	33,429	28,491
	1% CONTRIBUTION TO BGLC (Nov. 05 - Mar.06)	5,070	4,283
	1% CONTRIBUTION TO JRC (Nov.05 - Mar.06)	5,070	4,284
	\$ 80 SPECIFIC LEVY	71	72
	TOTAL	112,213	116,103
OVERSEAS RACING	11% LEVY (April 05 - Oct. 05)	55,919	62,187
	16.5% GROSS PROFIT TAX (Nov. 05 - Mar. 06)	18,782	15,901
	1% CONTRIBUTION TO BGLC (Nov. 05 - Mar.06)	3,289	2,765
	1% CONTRIBUTION TO JRC (Nov.05 - Mar.06)	3,289	0
	1/2% CONTRIBUTION TO SPORTS (Nov. 05 - Mar.06)	1,645	0
	BET-WINNINGS TAX (Apr. 05 - Mar.06)	705	782
	TOTAL	83,628	81,636
TOTAL FOR BOOKMAKERS		195,841	197,740
RACING PROMOTER			
LOCAL RACING	7% POOL BETTING DUTY (April 05 - Oct. 05)	73,034	27,950
	5% GROSS PROFIT TAX (Nov. 05 - Mar. 06)	13,125	10,462
	1% CONTRIBUTION TO BGLC (Nov. 05 - Mar. 06)	8,139	0
	1% CONTRIBUTION TO JRC (Nov. 05 - Mar. 06)	8,139	0
	1% CONTRIBUTION TO BENEVOLENT FUND (Nov. 05 - Mar. 06)	8,139	0
	TOTAL	110,577	38,412
SIMULCAST RACING	7% POOL BETTING DUTY (April 05 - Oct. 05)	58,244	0
	5% GROSS PROFIT TAX (Nov. 05 - Mar. 06)	10,464	7,924
	1% CONTRIBUTION TO BGLC (Nov. 05 - Mar. 06)	6,682	0
	1% CONTRIBUTION TO JRC (Nov. 05 - Mar. 06)	6,682	0
	1% CONTRIBUTION TO BENEVOLENT FUND (Nov. 05 - Mar. 06)	6,682	0
	TOTAL	88,753	7,924
TOTAL FOR RACING PROMOTER		199,330	46,336
INDUSTRY TOTAL		395,171	244,075

Figure 3 complements **Table 10** in showing the taxes, duties and levies payable by the Racing Promoter and Bookmakers for the fiscal year April 2005 to March 2006. The amount payable by the Promoter was 51% of the sector's total while Bookmakers were responsible for the remaining 49%.

FIGURE 3
TAXES PAYABLE FOR FISCAL YEAR APRIL 2005 - MARCH 2006



2.7 First Instance Tribunal

The First Instance Tribunal completed fourteen investigations throughout the financial year, imposing penalties totalling \$4.61 million on five bookmakers, Big 'A' Track 2003 Limited, Capital Betting and Wagering Limited, Charles Off Betting Limited, Total Betting Limited and Track Price Plus Limited.

The largest penalty of \$1,080,000 was imposed on Capital Betting & Wagering Limited for illegal betting at 47 Darlington Drive, Old Harbour, St. Catherine. **Table 9** provides a listing of the hearings completed during the financial year.

CHAPTER TWO – BETTING SECTOR

TABLE 11
COMPLETED TRIBUNAL HEARINGS
APRIL 2005 - MARCH 2006

DATE OF DECISION	NAME OF LICENCEE	CHARGES	NO. OF CHARGES	PENALTIES IMPOSED \$'000
April 7, 2005	Track Price Plus Limited	Late submission of receipts	19	575
April 12, 2005	Big 'A' Track 2003 Limited	Late submission of receipts	8	450
April 21, 2005	Capital Betting & Wagering Limited	Late submission of receipts	8	480
April 21, 2005	Big 'A' Track 2003 Limited	Late submission of receipts	6	360
August 30, 2005	Charles Off Betting Limited	Late submission of receipts	2	60
September 8, 2005	Capital Betting & Wagering Limited	Failure to submit vouchers and returns on time	3	50
September 8, 2005	Big 'A' Track 2003 Limited	Failure to submit vouchers and returns on time	3	50
October 4, 2005	Charles Off Betting Limited	Late submission of receipts	4	130
October 13, 2005	Charles Off Betting Limited	Late submission of receipts	14	470
November 22, 2005	Capital Betting & Wagering Limited	Failure to submit vouchers and returns on time	5	40
November 22, 2005	Big 'A' Track 2003 Limited	Failure to submit vouchers and returns on time	5	40
December 8, 2005	Capital Betting & Wagering Limited	Illegal Betting	-	1,080
December 22, 2005	Total Betting Limited	Late submission of receipts	7	70
December 22, 2005	Charles Off Betting Limited	Late submission of receipts	15	750
TOTAL			99	4,605

2.8 Conclusion

The Betting Sector recorded an 8% increase in sales revenue during the period under review. The Racing Promoter experienced an 11% increase in sales, while the Bookmakers experienced a 4% increase. The Promoter continued its promotional programmes to good effect, while the Bookmakers continued on a part of consolidation, also to good effect.

CHAPTER THREE

LOTTERIES SECTOR

3.1 Introduction

For the fiscal year 2005/06 sales for the six lottery games totalled \$ 13.46 billion, an increase of 1.9% for the sector. This increase was achieved in the face of declining sales for both the Lotto and Lucky 5 games with the Scratchers game being the major contributor having increased sales by 860.36% when compared to the corresponding period of 2004/05.

On January 12, 2006 Supreme Ventures Limited opened its initial public offering, selling less than 5% or just over 125 million units of its stocks to the public at a price of \$4.81.

During the period applications for new instant games were received from Telefun International, Sun City Gaming, and B.E.S.T. Promotions Limited. These applications are being processed by the Commission and it is anticipated that the processing will be finalized during the 2006/07 fiscal year.

3.2 Lottery Sales

Total sales of \$13.46 billion for the period were generated from the conduct of 610 lottery draws. These included one hundred and two (102) lotto draws, three hundred and five (305) afternoon draws (Pick3, Dollaz, Lucky 5 and CashPot) and two hundred and three (203) evening draws (Pick3, Dollaz, Lucky5 and CashPot).

A comparison of the sales generated for the 2005/06 and 2004/05 fiscal years is shown in **Table 1** and is complemented by **Figures I, II, and III** which depict the contribution of each game to overall sales and the sales trend, respectively.

Cashpot

Sales for the Cashpot game increased by 2.47% to \$10.39 billion, when compared to the corresponding period of 2004/05. The game contributed 77% of the sector's sales for the period, maintaining its dominance in the sector and the gaming industry as a whole.

Lotto

For the review period sales for the lotto game declined by 19.47% to \$1.36 billion, and accounted for 10.14 % of total sales.

Pick 3

The Pick 3 game which commenced its operation in the 1997/98 fiscal period, recorded its highest reported sales of \$784 million or 14.7% over the sales of \$683 million recorded for the previous fiscal period. This game continues to be the only lottery game that has recorded a steady increase in sales since its inception.

CHAPTER THREE – LOTTERIES SECTOR

Lucky 5

During the review period sales declined to \$427.55 million or by \$27.90 million when compared to the previous fiscal year, when a total of \$455.4 million in sales was realized.

Dollaz

The game generated increased sales of 7% over the \$209.1 million recorded for the corresponding period last year.

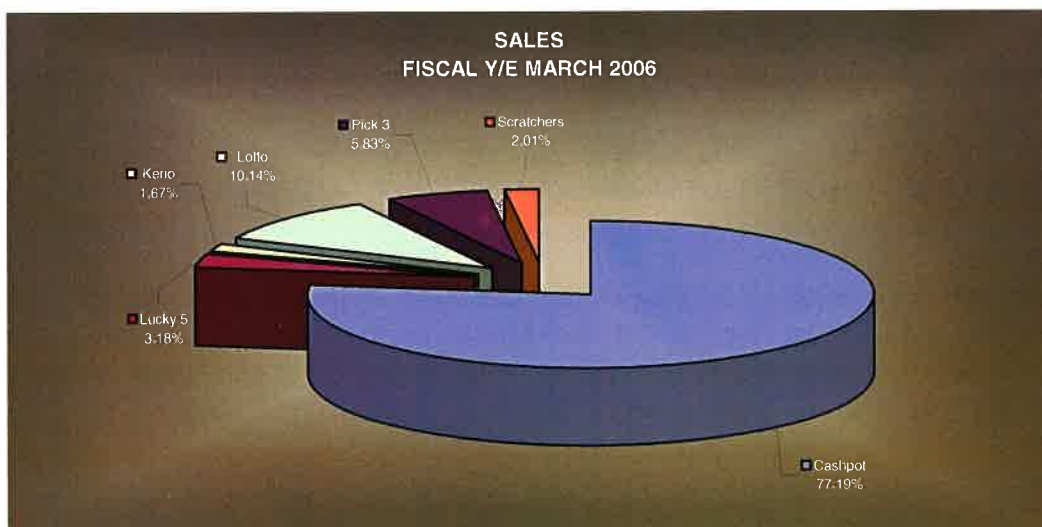
Instant (“Scratchers”)

The re-launch of the Scratchers game in the last quarter of the 2004/05 fiscal year, has seen a resurgence of the game with sales of \$269.97 million or an increase of 860% being realized for the period under review.

**TABLE 1
COMPARATIVE LOTTERY SALES
FISCAL Y/E 2006 v 2005**

GAMES	FISCAL Y/E 2006 \$'m	FISCAL Y/E 2005 \$'m	VARIANCE	CONTRIBUTION TO SALES Y/E 2006
Cashpot	10,392	10,141	2.47%	77.19%
Lucky 5	428	455	-6.13%	3.18%
Keno	225	209	7.37%	1.67%
Lotto	1,364	1,694	-19.47%	10.14%
Pick 3	784	684	14.70%	5.83%
Scratchers	270	28	860.36%	2.01%
TOTAL	13,463	13,212	1.90%	100.00%

**FIGURE I
SHARE OF LOTTERY SALES BY GAME**

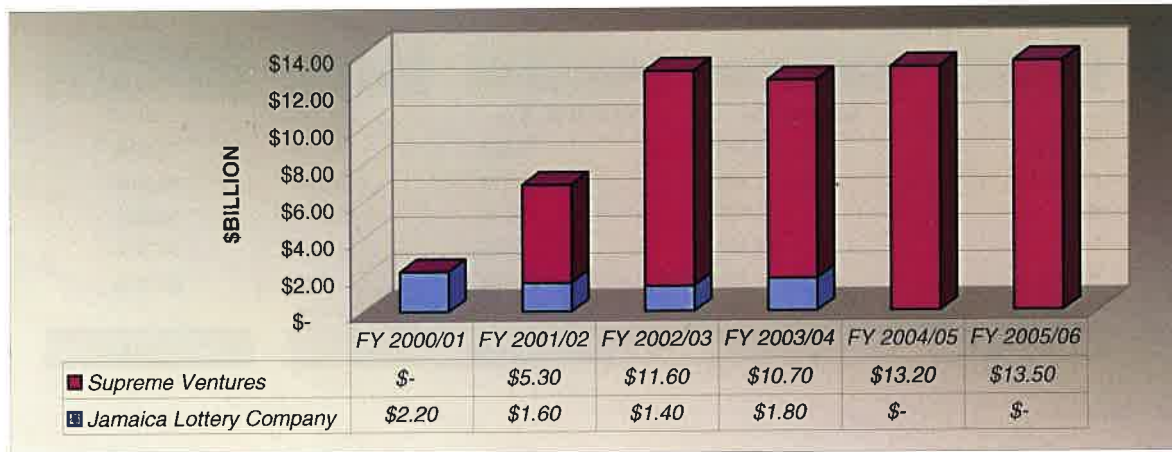


CHAPTER THREE – LOTTERIES SECTOR

**FIGURE II
LOTTERY SALES TREND**

FISCAL
2001 –

Y/E
2006



**FIGURE III
QUARTERLY SALES TREND**



3.3 Lottery Payout

During the fiscal year actual prize liability of \$9.05 billion was recorded, 1.69% less than the expected payout of 68.9%. When compared to the 2004/05 financial period, the actual payout for the Lotto game has increased from 42.68% or \$723.14 million to 53.64% or \$731.92 million despite the 19.47% decline in sales. **Table 2** compares sales against actual and projected payout for the period.

CHAPTER THREE – LOTTERIES SECTOR

TABLE 2
LOTTERY PRIZE LIABILITY
FISCAL Y/E 2006

GAMES	FISCAL Y/E 2006	FISCAL Y/E 2006	LIABILITY	EXPECTED LIABILITY
	SALES - \$'m	PAYOUT - \$'m		
Cashpot	10,392	7,360	70.82%	72.00%
Lucky 5	428	218	50.93%	50.90%
Keno	225	120	53.25%	54.80%
Lotto	1,364	732	53.64%	52.00%
Pick 3	784	462	58.89%	60.00%
Scratchers	270	157	58.32%	
TOTAL	13,463	9,048	67.21%	68.90%

3.4 Public Sector Revenue

Public sector revenue for the review period increased by 5.47 % with increases recorded from all the contributing segments, with CHASE realizing the highest increase of 12.71% or \$77.79 million more than the 2004/05 fiscal year. A comparative analysis of lottery revenue to the Public Sector over four fiscal years is depicted in **Table 3**.

TABLE 3
PUBLIC SECTOR REVENUE TREND
FYE 2003-2006

	2005-06	2004-05	2003-04	2002-03	Variance 2005-06 vs. 2004-05
	\$'m	\$'m	\$'m	\$'m	
Inland Revenue	909	898	973	709	1.23%
CHASE	717	639	606	588	12.17%
BG&LC	135	132	125	130	1.90%
Total	1,761	1,670	1,703	1,426	5.47%

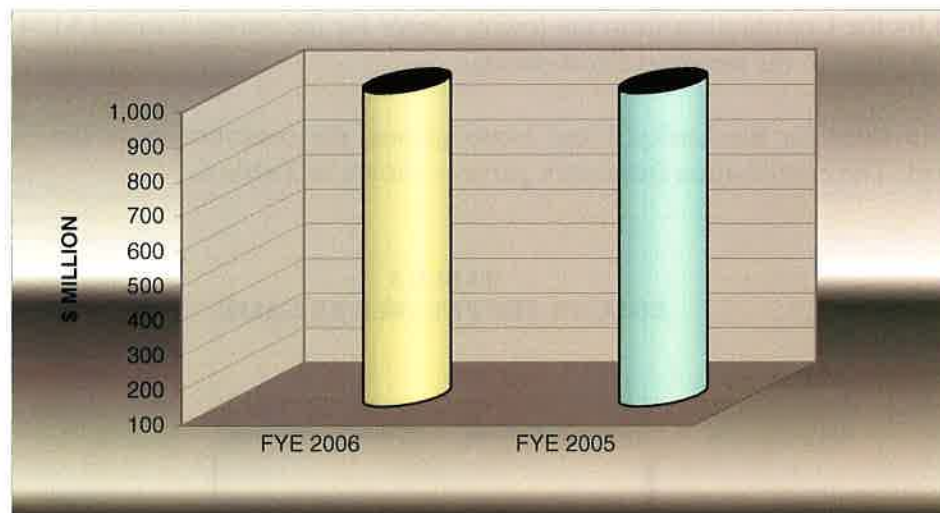
3.5 Government Revenue

Government revenue payable totalled \$909.5 million, with the Bet Win Tax accounting for 12.06%. There was a 1.23% increase in government levy payable over the corresponding period of 2004/05, whilst there was 3.84% decline in the Bet Win Tax for the same period as shown in **Table 4**. The Pick3 and Scratchers Games were the main contributors to the increase in levy payable, with increases of 20.79% and 883.14%, respectively, over that payable from these games for the previous year.

**TABLE 4
GOVERNMENT LEVY PAYABLE
FISCAL Y/E 2006 v 2005**

GAMES	FISCAL Y/E 2006	FISCAL Y/E 2005	%
	\$'m	\$'m	
Cashpot	515	489	5.35%
Lucky 5	36	38	-6.25%
Keno	24	23	6.07%
Lotto	151	187	-19.47%
Pick 3	55	45	20.79%
Scratchers	19	2	883.14%
Total	800	784	1.96%
BWT PAID	110	114	-3.84%
TOTAL	909	898	1.23%

**FIGURE IV
COMPARATIVE LEVY PAYABLE
FISCAL Y/E 2005 vs 2006**



3.6 CHASE Contributions

The sector's contribution to the CHASE Fund for the review period showed an increase of 2.6% moving from \$698.91 million in 2004/05 to \$716.99 million. As shown in **Table 5**, 91.91% of the total was contributed from sales, whilst the remaining 8.09% was contributed from unclaimed prizes.

CHAPTER THREE – LOTTERIES SECTOR

TABLE 5
CONTRIBUTION TO THE CHASE FUND
FISCAL Y/E 2006 vs 2005

GAMES \$'m	FISCAL Y/E MARCH 2006			FISCAL Y/E MARCH 2005			%
	From Sales	From U/C Prizes	Total	From Sales	From U/C Prizes	Total	
Cashpot	455	21	475	432	20	452	5.2%
Lucky 5	32	7	39	34	10	44	-10.3%
Keno	17	5	22	16	7	22	0.3%
Lotto	102	25	127	127	19	146	-12.7%
Pick 3	33	5	38	29	5	33	13.4%
Scratchers	20	N/A	20	2	N/A	2	860.4%
TOTAL	659	63	722	639	60	699	3.3%

When prizes are unclaimed within 90 days for all the game types (excluding Scratchers), the proceeds are shared equally between the lottery company and CHASE. The percentage distribution legislated to each recipient is as follows: Culture and Arts 15%, Health 20%, Sports Development 40%, Early Childhood Education 25%.

3.7 BGLC Lottery Revenue

Revenue received by the Commission from the lottery sector for the period totalled \$134.63 million an increase of 1.90% when compared to the previous fiscal period.

With the decline in sales for the Lucky 5 and Lotto games, the contribution to the Commission from these games also declined. The contribution from each game is shown in **Table 6**.

TABLE 6
BGLC 1% FEE PAYABLE BY GAME

BG&LC GAMES	FISCAL Y/E 2006	FISCAL Y/E 2005	%
Cashpot	103,916,241	101,410,120	2.47%
Lucky 5	4,275,493	4,554,464	-6.13%
Keno	2,245,210	2,091,007	7.37%
Lotto	13,644,613	16,942,946	-19.47%
Pick 3	7,844,312	6,838,899	14.70%
Scratchers	2,699,720	281,115	860.36%
TOTAL	134,625,589	132,118,551	1.90%

CHAPTER FOUR

GAMING MACHINES SECTOR

4.1 Introduction

On November 1, 2005 the government introduced the Gross Profit Tax Regime in which applicable gaming lounges were required to pay taxes and contribution based on their gross profit, defined as amount played minus amount paid to winners. The taxes payable were 7.5% of gross profit, and contribution payable was 1% of gross revenue. This was revised to 2.5% of gross profit.

4.2 Gaming Lounges

Table 7 identifies levy and contributions paid between November 2005 and March 2006.

**TABLE 7
GPT & BGLC FEE PAID
FYE MARCH 2006**

	LEVY \$'m	BGLC FEE \$'m	TOTAL \$'m
November	7.74	3.06	10.80
December	7.29	2.95	10.24
January	6.49	2.73	9.22
February	8.48	2.76	11.24
March	9.15	3.02	12.17
TOTAL	39.14	14.52	53.66

4.3 Gaming Machines

During the year the Commission received applications for the licensing of 4,053 gaming machines resulting in total revenues of \$45.02 million, with \$34.83 million made to the Inland Revenue Department and the remaining \$10.19 million to the Commission. (See Table III Gaming Machine Application and licensing Fee).

**TABLE 8
GAMING MACHINE DISC & LICENSING FEE**

PERIOD	NO. GAMING MACHINES			APPLICATION FEE - \$'000			LICENSING FEE - \$'000		
	2004 /05	2005/06	Variance	2004 /05	2005/06	Variance	2004 /05	2005/06	Variance
April	461	558	21.0%	1,153.0	1,395.0	21.0%	4,610.0	5,580.0	21.0%
May	382	631	65.2%	955.0	1,578.0	65.2%	3,820.0	6,310.0	65.2%
June	403	371	-7.9%	1,008.0	928.0	-7.9%	4,030.0	3,710.0	-7.9%
July	230	428	86.1%	575.0	1,122.5	95.2%	2,300.0	4,490.0	95.2%
August	211	139	-34.1%	527.5	347.5	-34.1%	2,110.0	1,390.0	-34.1%
September	249	136	-45.4%	622.5	340.0	-45.4%	2,490.0	1,360.0	-45.4%
October	101	151	49.5%	253.0	377.5	49.2%	1,010.0	1,510.0	49.5%
November	97	260	168.0%	242.5	650.0	168.0%	970.0	2,585.0	166.5%
December	234	18	-92.3%	585	43.0	-92.6%	2,340.00	160.0	-93.2%
January	241	195	-19.1%	603	563.5	-6.5%	2,410.00	1,390.0	-42.3%
February	306	342	11.8%	765	843.5	10.3%	3,060.00	1,745.0	-43.0%
March	333	960	188.3%	833	2,007.0	141.1%	3,330.00	4,600.0	38.1%
TOTAL	3,248	4,189	29.0%	8,121.5	10,195.5	25.5%	32,480.0	34,830.0	7.2%

CHAPTER FIVE

PRIZE COMPETITION

5.1 Prize Competition

The number of prize competition applications received by the Commission yearly continues to increase as these promotions have become an integral part of most companies marketing tools. For the period 402 applications for the conduct of prize competitions were received by the Commission the highest number ever, and represent a 3.6% increase over the previous fiscal year.

Of the 402 applications received, 62% were approved and remaining 38% were either not approved postponed, withdrawn, did not require approval from the Commission, or were still being processed at the end of the fiscal period. A total of 212 prize competition draws were conducted during the period of which officers of the Commission attended 54 and 14 prize presentations.

The increase in the number of prize competition applications have placed added strain on the Commission's resources in ensuring their integrity. To date the Amendments to the Betting, Gaming and Lotteries Act that would allow for the introduction of a scale of fees for the conduct of prize promotions have still not been passed. It is expected that these fees will be applicable for the next financial year.

Table 9 provides details of the prize competitions on a monthly basis for the fiscal year under review and is complemented by Figure V.

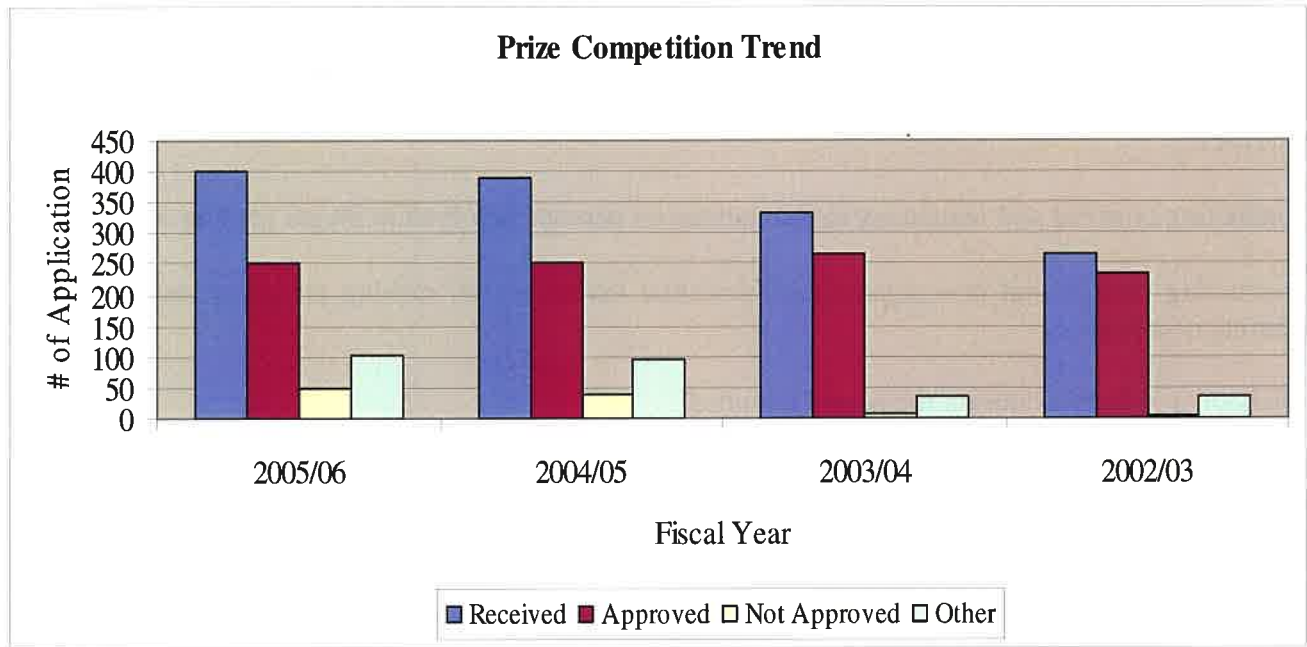
TABLE 9
SUMMARY OF PRIZE COMPETITION
FYE 2006 vs 2005

PERIOD	RECEIVED			APPROVED			NOT APPROVED			OTHER		
	2005/06	2004/05	Variance	2005/06	2004/05	Variance	2005/06	2004/05	Variance	2005/06	2004/05	Variance
April	43	27	-37%	26	14	-46%	6	6	0%	11	7	-36%
May	29	36	24%	20	26	30%	5	4	-20%	4	6	50%
June	39	48	23%	32	30	-6%	5	3	-40%	2	15	650%
July	36	43	19%	27	34	26%	4	4	0%	5	5	0%
August	42	29	-31%	17	15	-12%	4	3	-25%	21	11	-48%
September	38	13	-66%	21	8	-62%	5	3	-40%	12	2	-83%
October	28	32	14%	20	19	-5%	3	3	0%	5	10	100%
November	39	42	8%	25	30	20%	6	2	-67%	8	10	25%
December	12	21	75%	9	16	78%	0	0	0%	3	5	67%
January	42	30	-29%	20	19	-5%	5	3	-40%	17	8	-53%
February	24	31	29%	15	18	20%	4	4	0%	5	9	80%
March	30	36	20%	18	23	28%	1	4	300%	11	9	-18%
TOTAL	402	388	4%	250	252	-1%	48	39	23%	104	97	7%

*Other – reflects prize competitions that have been withdrawn, did not require approval, postponed or cancelled.

CHAPTER FIVE – PRIZE COMPETITION SECTOR

FIGURE V
SUMMARY OF PRIZE COMPETITION
FYE 2002 to 2006



CHAPTER SIX

ENFORCEMENT ACTIVITIES

6.1 Introduction

As the enforcement arm of the Commission, the division's primary functions include:

- Gathering intelligence and managing a database of organized criminal groups involved in illegal gaming activities.
- Conducting criminal and regulatory investigations on persons involved in illegal gaming activities;
- Conducting background investigations on potential licensees and making recommendation regarding the granting of a licence.

The Division's objectives during the period included:

- Identifying illegal gaming machines and seizing illegal machines;
- Conducting operations against illegal Cash pot operators, with emphasis on the promoters, and bringing them before the Courts.
- Reducing the extent of breaches of the BGLA by Licensees through several measures, including the conduct of test betting activities at licensed betting offices, and bringing illegal bookmakers before the First Instance Tribunal;
- Developing a database of all illegal gaming operators;

6.2 Investigations & Operations

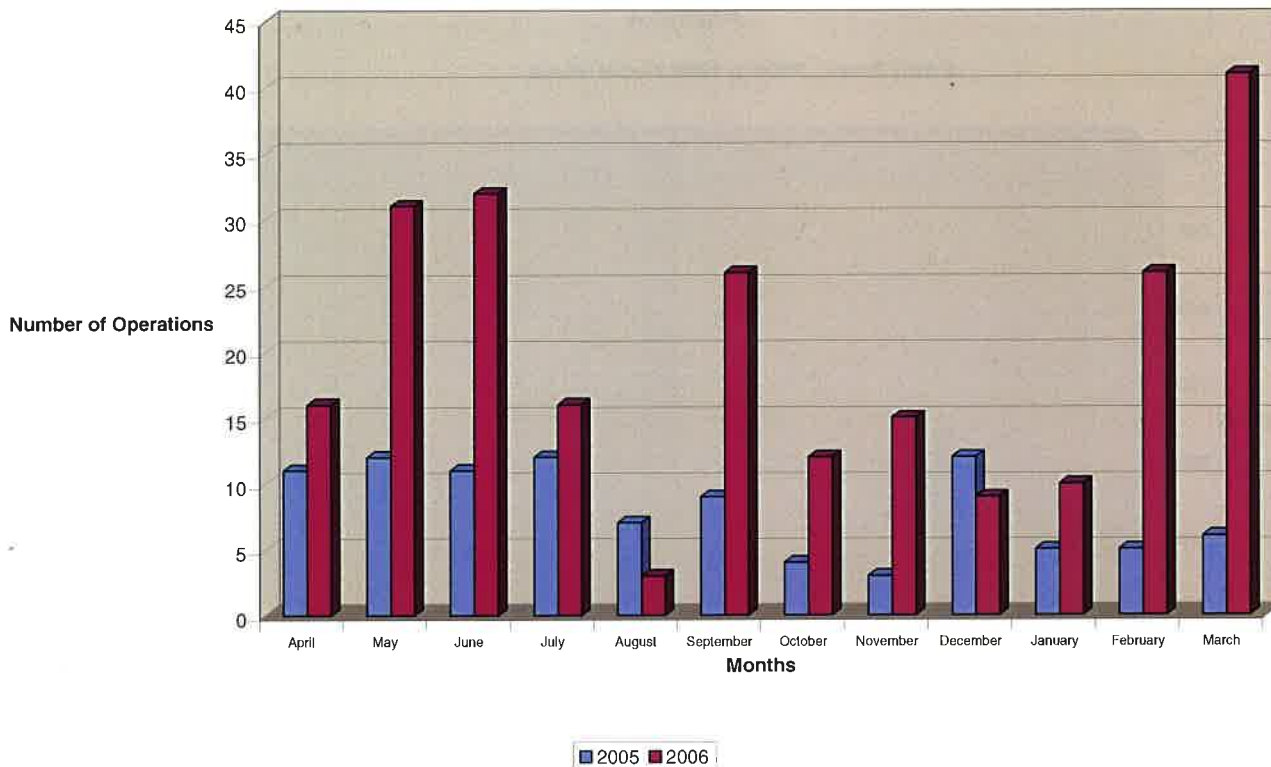
During the fiscal period 2005/06 237 operations were conducted surpassing by 144% and 41% the 97 and 168 operations that were undertaken during the 2004/05 and 2003/04 fiscal years, respectively. This is noticeably the most operations ever undertaken in the division's history.

The seizure of gaming machines continue to be the main area in which operations were carried out accounting for 97% of the total operations for the review year. Noticeably, is the decline in the operations undertaken in relation to illegal lottery and betting activities moving from 33 in 2004/05 to seven in the period under review.

Figure 1 offers a statistical comparison of the operations conducted for the fiscal years 2005/2006 and 2004/2005.

Figure 1

Number of Operations Conducted : 2005 & 2006 Fiscal Years



Resulting from the 237 operations, thirty-five persons were arrested and 23 persons convicted. The arrests made represents a 38% decline when compared to the 56 persons arrested for the 2004/05 fiscal period, accompanied by an 18% decrease in convictions for the same period of the corresponding year.

These declines may be explained in the fact that the Commission has taken a strategic decision of pursuing the masterminds behind the illegal gaming activities rather than the single illegal operators. Additionally, an increasing number of operators are now providing their “employees” with legal representation and as such, more cases are now being traversed and thus affecting the number of convictions attained during the fiscal year.

Cash seized from illegal operators was \$298,145, a 78% decline when compared to the \$1.37 million seized last fiscal year.

6.3 Court & Tribunal Activities

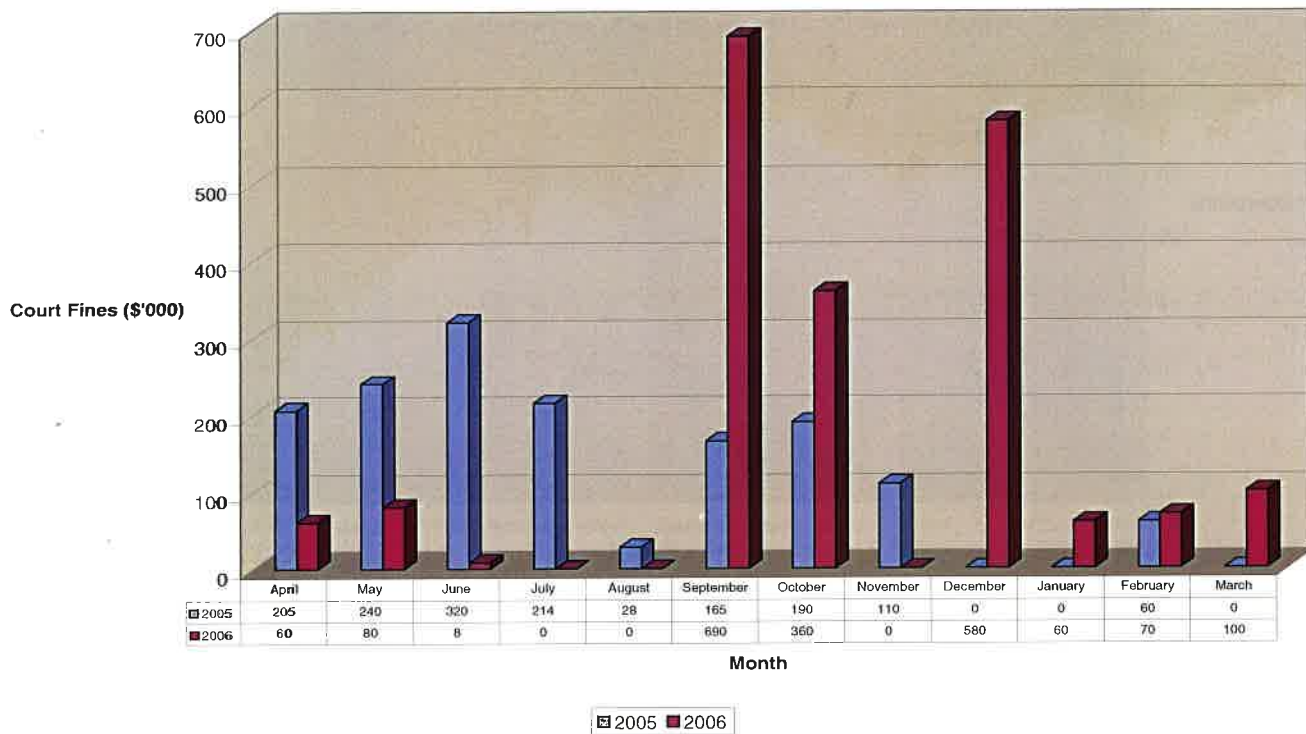
Court appearances were made by officers in Magistrate Courts located across the fourteen parishes. Although convictions declined by 18%, court fines imposed increased by 31%, moving to \$2.01 million compared to the \$1.53 million that was executed by the relevant Resident Magistrate Courts during the previous fiscal year.

CHAPTER SIX – ENFORCEMENT ACTIVITIES

Figure 2 gives a comparative glance of the fines for the 2004/05 fiscal year as against the current period. A number of Hearings emanating from our test betting activities resulted in numerous cases being taken before the First Instance Tribunal. A number of these cases have already being part heard and is expected to be completed during the 2006/07 fiscal year.

Figure 2

Court Fines : 2005 & 2006 Fiscal Years



6.4 Gaming Machines

The identification and seizure of unlicensed gaming machines was one of the main objectives during the period under. Resulting from the 230 gaming machines operations conducted, 1050 unlicensed machines were seized. Of this total 860 or 82% of the machines were subsequently licensed and returned to their operators, 143 remains in storage and 47 were deemed to be “shells” after they were seized and were subsequently destroyed by the relevant owners. Five hundred and seven machines were seized during the previous fiscal year of which 490 were subsequently licensed.

A total of \$9.61 million was collected in revenues from the licensing of the machines with \$7.42 million paid to the Inland Revenue and the remaining \$2.19 to the Commission. In addition to these amounts \$1.26 million was recovered in transportation cost whilst \$104,700 was paid in storage fee.

An average of 87 machines was seized over during the fiscal year with March recording the highest number of seizures, when 207 machines were seized. **Figure 3** gives a monthly breakdown of the gaming machine seized during the fiscal year, while **Figure 4** shows the machines seized by parishes.

Figure 3

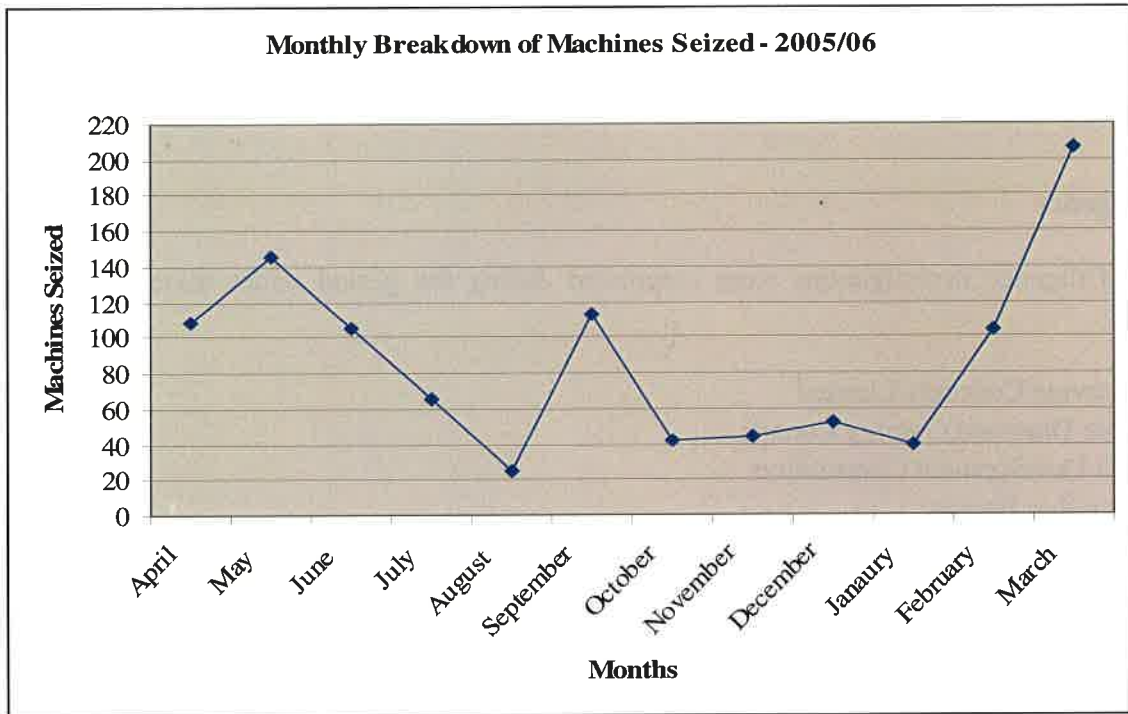
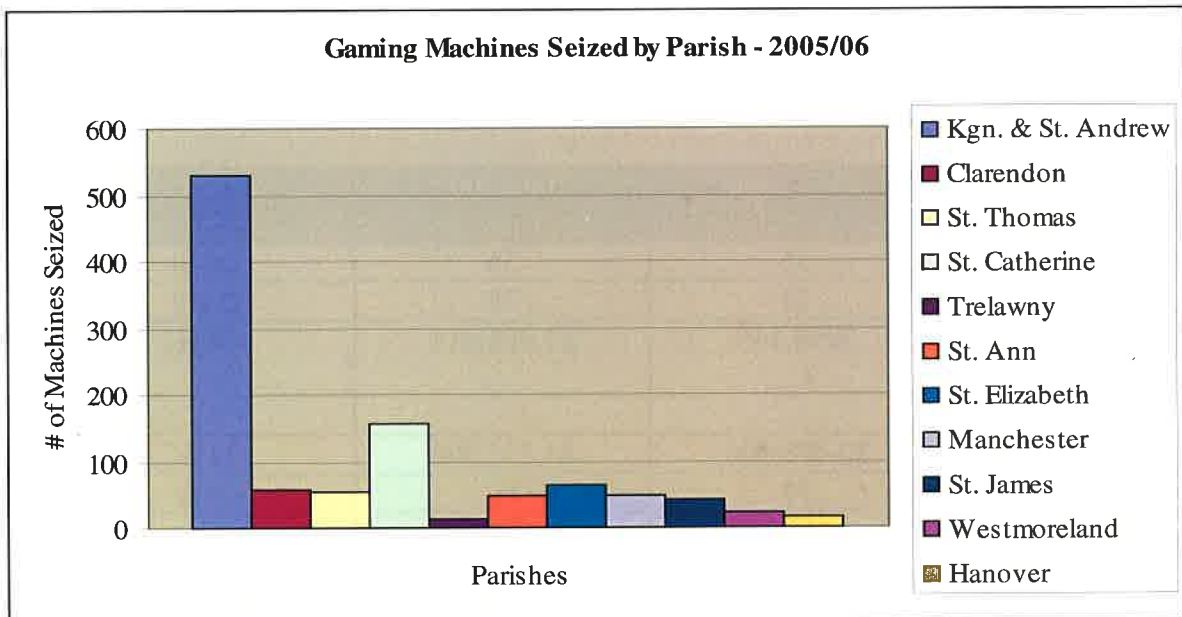


Figure 4



CHAPTER SIX – ENFORCEMENT ACTIVITIES

6.5 Reports

During the fiscal year 59 reports were received, a 31% decline when compared to the 86 machines seized during the corresponding period last year. This sharp decline in the number of reports is primarily due to the fact that most persons are now demanding a financial reward from the Commission prior to making their reports.

6.6 Due Diligence

Seven Due Diligence investigations were completed during the period under review. These investigations included:

- Worldwide Concepts Limited
- Double Diamond Gaming Lounge
- P & G Development Corporation
- Christopher Bowen
- Cornel Davies
- Olympic Sports Data Services Limited
- Kermit Andrew Ferguson

6.7 Summary

Table 2 highlights the major activities during 2005/2006 while comparing them with the activities during 2004/2005.

Table 1
Enforcement Division Major Activities in 2005 & 2006 Fiscal Years

Enforcement Activities	2005/2006	2004/2005	% Change
Arrests	35	56	-38%
Convictions	23	28	-18%
Cash Seized from illegal operators	\$298,145	\$1,366,914	-78%
Tribunal Fines	-	-	-
Court Fines	\$2,008,000	\$1,532,000	31%
Reports Received	59	86	-31%
Gaming Machines Seized	1050	507	107%
Due Diligence	7	14	-50%
Operations	237	97	144%

THE BETTING GAMING AND LOTTERIES COMMISSION

Financial Statements



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To the Commissioners of
BETTING, GAMING & LOTTERIES COMMISSION

Auditors' Report

We have audited the financial statements of Betting, Gaming & Lotteries Commission ("Commission") as at and for the year ended March 31, 2006, set out on pages 2 to 27, and have obtained all the information and explanations which we required. The financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith and have been prepared in accordance with International Financial Reporting Standards, give a true and fair view of the state of the Commission's affairs as at March 31, 2006 and of its results of operations, statement of changes in accumulated surplus and reserves and cash flows for the year then ended, and comply with the provisions of the Betting, Gaming & Lotteries Act.

Without qualifying our opinion, we draw attention to notes 2 (p) (ii) (b) and (c), and 2 (p) (iii) and (iv), which state the bases on which revenue from Government levies have been recognised in the financial statements.


December 29, 2006

BETTING, GAMING & LOTTERIES COMMISSIONBalance Sheet
March 31, 2006

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
CURRENT ASSETS			
Cash and cash equivalents	3	7,368,161	5,338,137
Resale agreements	4	159,934,051	153,328,570
Accounts receivable and prepayments	5	20,555,207	23,240,066
Current portion of long-term receivables	9	108,000	112,112
Taxation recoverable		<u>17,372,703</u>	<u>8,475,941</u>
Total current assets		<u>205,338,122</u>	<u>190,494,826</u>
CURRENT LIABILITIES			
Accounts payable and accrued charges	6	(22,329,639)	(18,876,140)
Deferred income	7	(10,184,000)	(10,724,100)
Taxation payable		<u>(12,274,304)</u>	<u>(3,113,368)</u>
Total current liabilities		<u>(44,787,943)</u>	<u>(32,713,608)</u>
WORKING CAPITAL		<u>160,550,179</u>	<u>157,781,218</u>
NON-CURRENT ASSETS			
Investments	8	195,940,000	110,440,990
Long-term receivables	9	8,622,622	13,184,047
Employee benefit asset	10	17,451,000	12,513,000
Property, plant and equipment	11	<u>34,188,183</u>	<u>35,631,512</u>
Total non-current assets		<u>256,201,805</u>	<u>171,769,549</u>
Total assets less current liabilities		<u>\$416,751,984</u>	<u>329,550,767</u>
Financed by:			
ACCUMULATED SURPLUS			
Investment in property, plant and equipment		34,188,184	35,631,512
Investment in long-term receivables		14,852,187	14,377,380
Unallocated surplus		<u>173,258,482</u>	<u>81,692,960</u>
Accumulated surplus at end of year		222,298,853	131,701,852
RESERVES			
Reserve for contingencies	12	182,696,120	182,696,120
Reserve for capital development	13	<u>9,246,025</u>	<u>9,246,025</u>
Total accumulated surplus and reserves		414,240,998	323,643,997
NON-CURRENT LIABILITY			
Deferred tax liability, being total non-current liability	14	<u>2,510,986</u>	<u>5,906,770</u>
Total accumulated surplus, reserves and non-current liability		<u>\$416,751,984</u>	<u>329,550,767</u>

The financial statements on pages 2 to 27 were approved for issue by the Commissioners on December 23, 2006 and signed on their behalf by:


Walter H. Scott Chairman


Clive Nicholas Commissioner

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

BETTING, GAMING & LOTTERIES COMMISSIONIncome and Expenditure Account
Year ended March 31, 2006

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
Income:			
<u>Lotteries</u>			
Jamaica Lottery Company Limited (JLC)			
- Levy		20,955,270	23,972,767
- Licence fees		6,000,000	6,000,000
Supreme Ventures Limited			
- Levy		113,665,841	108,145,332
- Licence fees		6,000,000	6,000,000
Telefun International Limited			
- Licence fees		-	-
- Gaming machine levy		10,314,368	-
- Bookmaker GPT levy		3,236,309	-
<u>Other fees and fines</u>			
Gaming machine fees		10,139,500	7,938,500
Bookmakers and promoters fees		1,556,000	1,831,000
Bookmakers and promoters fines		<u>5,277,200</u>	<u>1,102,600</u>
Total fees and fines		<u>177,144,488</u>	<u>154,990,199</u>
Add: Interest on loans		933,419	2,602,261
Interest on investments		42,673,319	36,208,282
Interest on bank account		<u>141,926</u>	<u>183,903</u>
Total interest		<u>43,748,664</u>	<u>38,994,446</u>
Other income: Government Levy Scheme - Betting		10,478,037	17,974,766
Foreign exchange gains		447,702	71,080
Investigations		1,380,415	427,352
Miscellaneous		<u>537,868</u>	<u>2,189,029</u>
Total other income		<u>12,844,022</u>	<u>20,662,227</u>
Total Income		233,737,174	214,646,872
Less: Total expenditure for the year (page 5)		<u>(129,680,074)</u>	<u>(122,442,330)</u>
		104,057,100	92,204,542
Grants	16	<u>(4,000,000)</u>	<u>(13,333,333)</u>
		100,057,100	78,871,209
Adjustments for interest imputed on concessionary loans to JRC and staff		<u>(3,694,948)</u>	1,049,135
Impairment of property, plant and equipment		<u>-</u>	<u>(2,421,924)</u>
Surplus before taxation		96,362,152	77,498,420
Taxation	17	<u>(5,765,152)</u>	<u>(10,060,714)</u>
Surplus for the year		<u>\$ 90,597,000</u>	<u>67,437,706</u>

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

BETTING, GAMING & LOTTERIES COMMISSIONStatement of Changes in Accumulated Surplus and Reserves
Year ended March 31, 2006

	<u>Accumulated surplus</u>	<u>Reserve for contingencies</u> (Note 12)	<u>Reserve for capital development</u> (Note 13)	<u>Total</u>
Balances at March 31, 2004	64,264,146	182,696,120	9,246,025	256,206,291
Surplus, being total gains recognised, for the year	<u>67,437,706</u>	<u>-</u>	<u>-</u>	<u>67,437,706</u>
Balances as at March 31, 2005	131,701,852	182,696,120	9,246,025	323,643,997
Surplus, being total gains recognised, for the year	<u>90,597,000</u>	<u>-</u>	<u>-</u>	<u>90,597,000</u>
Balances at March 31, 2006	<u>\$222,298,852</u>	<u>182,696,120</u>	<u>9,246,025</u>	<u>414,240,997</u>

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

BETTING, GAMING & LOTTERIES COMMISSION

Expenditure

Year ended March 31, 2006

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
Personnel expenses:			
Salaries, wages and national insurance		52,676,208	51,501,693
National Housing Trust		1,825,119	1,829,349
Group pension scheme		7,629,472	8,649,586
Consultant/legal fees		3,113,423	1,736,135
Group Life insurance premiums		413,585	474,443
Health and medical benefits obligation		3,557,833	3,532,693
Travelling and subsistence		21,209,604	16,601,175
Meetings and office hospitality		330,053	295,099
Uniform and laundry allowance		3,362,602	2,187,683
Staff training and welfare		1,925,987	3,582,678
Meal allowance		236,273	466,914
Education assistance		1,371,877	913,535
Incentive scheme		5,040,000	4,260,000
Canteen expenses		1,927,885	1,756,080
Tribunal		341,820	581,560
Adjustment for employee benefit asset	(	4,938,000)	(7,285,000)
Other staff benefits		3,465,236	2,073,279
Retroactive salaries and allowances		152,344	406,644
Employer's education tax		<u>1,692,437</u>	<u>1,687,948</u>
Total personnel expenses		<u>105,333,758</u>	<u>95,251,494</u>
Establishment expenses:			
Rent		1,207,277	-
Insurance		423,465	553,744
Investigations		1,327,423	1,114,899
Light and power		2,284,299	1,630,164
Depreciation of computers		2,705,075	1,549,272
Depreciation of building		364,476	434,671
Depreciation of furniture and equipment		621,566	805,617
Depreciation of storage facility		94,585	15,005
Repairs to buildings, furniture and equipment		1,938,995	910,352
Depreciation multi-media projector		91,678	99,319
Loss on write-off and disposal of property, plant and equipment		-	<u>493,445</u>
Total establishment expenses		<u>11,058,839</u>	<u>7,606,488</u>
Motor vehicle operating expenses:			
Operating expenses		215,754	293,871
Depreciation (write-back)/change		<u>(617,629)</u>	<u>519,524</u>
Total motor vehicle operating expenses		<u>(401,875)</u>	<u>813,395</u>
Administration expenses:			
Organisational review		-	723,642
GCT		2,131,163	1,704,636
Property tax		108,661	241,750
Public Education and Advertising		305,595	2,141,659
Audit fee - current year		550,000	510,000
- prior year		71,265	51,309
Accounting and professional fees		500,941	382,674
Printing and stationery		829,579	836,119
Gaming machine labels		393,818	214,143
Telephone and cables		2,056,824	1,937,287
Water		143,426	166,046
Publications		393,710	208,970
Commissioners' fees	18(d)	386,500	270,500
Office supplies, service and security		1,422,028	1,231,501
Janitorial		149,038	155,540
Bank charges		334,470	46,437
Public relation		922,765	788,411
Drugs and medical supplies		38,856	39,648
Miscellaneous office		643,277	137,518
Donations		2,897,133	1,433,163
Bad debts - Jamaica Racing Commission		-	5,000,000
- Recoveries		<u>(550,000)</u>	<u>550,000</u>
Total administration expenses		<u>13,689,352</u>	<u>18,770,953</u>
Total expenditure (page 3)		<u>\$129,680,074</u>	<u>122,442,330</u>

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

BETTING, GAMING & LOTTERIES COMMISSIONStatement of Cash Flows
Year ended March 31, 2006

	<u>Note</u>	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		90,597,000	67,437,706
Adjustments to reconcile surplus for the year to net cash by operating activities:			
Items not involving cash:			
Depreciation		3,259,750	3,423,408
Provision for impairment of property, plant and equipment		-	2,421,924
Deferred taxation	(	3,395,784)	7,317,875
Loss on write-off and disposal of property, plant and equipment		-	493,445
Employee benefits	(	4,938,000)	(7,285,000)
Provision for bad debts, net of recoveries	(	550,000)	5,000,000
Adjustments for interest imputed on concessionary loans to Jamaica Racing Commission and staff		3,694,948	(1,049,135)
Interest income		(43,748,664)	(38,994,447)
Income tax expense		<u>9,160,936</u>	<u>627,069</u>
		54,080,186	39,392,845
(Increase)/decrease in current assets:			
Accounts receivable and prepayments		4,422,429	289,841
Taxation recoverable	(	8,896,761)	732,699
Increase/(decrease) in current liabilities:			
Accounts payable and accrued charges		<u>2,913,399</u>	<u>(4,946,690)</u>
Net cash provided by operating activities		<u>52,519,253</u>	<u>35,468,695</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in debentures and indexed bonds		(85,499,010)	(57,434,785)
Resale agreements		(6,605,481)	(10,762,066)
Interest received		42,561,094	36,966,446
Loans to employees (net decrease in long-term portion)		870,590	533,821
Proceeds from disposal of property, plant and equipment		-	3,000
Additions to property, plant and equipment	(	1,816,422)	(6,703,341)
Net cash used by investing activities		<u>(50,489,229)</u>	<u>(37,396,925)</u>
Net decrease in cash and cash equivalents		2,030,024	(1,928,230)
Cash and cash equivalents at beginning of the year		<u>5,338,137</u>	<u>7,266,367</u>
Cash and cash equivalents at end of the year		<u>\$ 7,368,161</u>	<u>5,338,137</u>

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

BETTING, GAMING & LOTTERIES COMMISSION

Notes to the Financial Statements
March 31, 2006

1. The Commission

Betting, Gaming & Lotteries Commission ("Commission") is a Jamaican statutory body which regulates betting, gaming and lottery activities carried on in Jamaica. Its activities also include the investing of surplus funds. The Commission's principal place of business is 17 Ruthven Road, Kingston 10.

The number of employees as at year-end was 58 (2004: 57).

The Commissioners as at March 31, 2006 are:

Mr. Walter Scott	-	Chairman
Mr. Lascelles Perry		
Mr. Clive Nicholas		
Mrs. Dorothy Miller		
Mr. Hugh Reid		
Mr. Bunny Goodison		
Mr. Paul Davis		

Members of the management team at March 31, 2006 are:

Mr. Derek Peart	-	Executive Director
Mr. Carl Hill	-	Director of Enforcement
Mr. Wayne Stewart	-	Director of Gaming & Lotteries
Mr. Leslie Wright	-	Director of Betting
Mr. Merrick Brown	-	Director of Administration & Finance
Miss Lorraine Thompson	-	Acting Chief Accountant
Mrs. Monique Harrison-Beckford	-	Acting Legal officer

2. Statement of compliance, basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, adopted by the International Accounting Standards Board (IASB), and comply with the provisions of the Betting, Gaming & Lotteries Act.

(b) Basis of preparation:

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

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the balance sheet date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised, if the revision affects only that period, or in the period of the revision and future period, if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed in note 20.

BETTING, GAMING AND LOTTERIES COMMISSION

Notes to the Financial Statements (Continued)

March 31, 20062. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

The accounting policies below have been applied consistently by the Commission and are consistent with those of the previous year.

(c) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances, including short-term deposits with maturities of three months or less from the date of placement.

(d) Resale agreements:

A resale agreement ("reverse repo") is a short-term transaction whereby the Commission buys securities and simultaneously agrees to resell the securities on a specified date and at a specified price. Title to the security is not actually transferred, unless the counterparty fails to comply with the terms of the contract.

Reverse repos are accounted for as short-term collateralised lending. Reverse repos are classified as originated loans and receivables and measured at amortised cost.

The difference between the sale and repurchase considerations is recognised on the accrual basis over the period of the transaction and is included in interest income.

(e) Accounts receivable:

Accounts receivables are stated at amortised cost, less impairment losses [note 2(k)].

(f) Accounts payable and accrued charges:

Account payable and accrued charges are stated at cost.

(g) Provisions:

A provision is recognised in the balance sheet when the Commission has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

(h) Investments:

Investments, comprising Government of Jamaica securities are classified as held-to-maturity and are measured at amortised cost, using the effective interest rate method, less impairment losses. Management determines the appropriate classification of investments at the time of purchase.

(i) Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

BETTING, GAMING AND LOTTERIES COMMISSION

Notes to the Financial Statements (Continued)
March 31, 2006

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(j) Depreciation:

Property, plant and equipment (with the exception of land on which no depreciation is provided) are depreciated on the straight-line basis at annual rates, to write down the assets to their estimated residual values at the end of their expected useful lives. The depreciation rates are as follows:

Buildings	2½%	
Office furniture, fixtures, reference books and equipment	20%	(2005:10%)
Computer equipment	33 ¹ / ₃	(2005:20%)
Motor vehicles	20%	
Storage facility	20%	(2005:10%)
Multi-media projector	20%	

(k) Impairment:

- (i) The carrying amounts of the Commission's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, an asset's recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income and expenditure account.

The recoverable amount of the Commission's originated securities and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

An impairment loss in respect of originated securities and receivables is reversed, if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For all other assets, an impairment loss is reversed, if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

BETTING, GAMING AND LOTTERIES COMMISSION

Notes to the Financial Statements (Continued)

March 31, 20062. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(l) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, resale agreements, accounts receivable, investments and long-term receivables. Similarly, financial liabilities comprise accounts payable.

(m) Taxation:

Income tax comprises current and deferred tax. Income tax is recognised in the income and expenditure account, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be realised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Employee benefits:

(i) General benefits:

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described in (ii) and (iii) below. Other long-term benefits, including termination benefits, which arise when either (1) the employer decides to terminate an employee's employment before the normal retirement date or (2) an employee decides to accept voluntary redundancy in exchange for termination benefits, are accrued as they are earned and charged as an expense, unless not considered material, in which case they are charged when they are paid.

Employee benefits comprise all forms of consideration given by the Commission in exchange for service rendered by employees. These include current or short-term benefits such as salaries, NIS contributions paid, annual vacation and sick leave, and non-monetary benefits, such as medical care and housing.

BETTING, GAMING AND LOTTERIES COMMISSION

Notes to the Financial Statements (Continued)
March 31, 2006

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(n) Employee benefits (cont'd):

(ii) Defined-benefit pension schemes:

The Commission operates a defined-benefit pension scheme (see note 10) providing benefits on final pensionable pay. The assets of the scheme are held separately from those of the Commission.

In respect of defined-benefit arrangements, employee benefits comprising pensions and other post-employment assets and obligations included in the financial statements are determined by a qualified independent actuary, appointed by management. The actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the financial statements reflect the Commission's post-employment benefit asset or obligation as computed by the actuary. In carrying out their audit, the auditors rely on the work of the actuary and the actuary's report.

The Commission's net benefit asset in respect of the defined-benefit pension schemes is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of scheme assets is deducted. The discount rate is the yield on long-term government securities that have maturity dates approximating the terms of the Commission's obligation. The calculation is performed by the independent, qualified actuary using the projected unit credit method.

When the benefits of the schemes are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income and expenditure account on the straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income and expenditure account.

All actuarial gains and losses as at April 1, 2002, the date of transition to IFRS, were recognised. In respect of actuarial gains and losses that arise subsequent to April 1, 2002, in calculating the Commission's obligation in respect of the scheme, to the extent that any cumulative actuarial gain or loss exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of scheme assets, that portion is recognised in the income and expenditure account over the expected average remaining working lives of the employees participating in the scheme. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to the Commission, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the schemes or reductions in future contributions to the schemes.

BETTING, GAMING AND LOTTERIES COMMISSION

Notes to the Financial Statements (Continued)
March 31, 2006

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(o) Foreign currencies:

Foreign currency balances at the balance sheet date are translated at the rates of exchange ruling at that date.

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions.

Gains and losses arising from fluctuations in exchange rates are included in the income and expenditure account.

(p) Revenue recognition:

(i) Gaming activities:

Income from gaming activities, in general, is recognised on the accrual basis and is based on a fixed percentage of sales for betting activities a flat rate for gaming machine and fixed rate of gross profits for lotteries up to November 1, 2005. Subsequent to this date a Gross Profit Tax (GPT) regime was introduced which established a fixed rate of Gross profits for both the Government levy as well as the contribution to the Commission for its regulation activities. The amounts accrued are based on information provided by the gaming companies and the Inland Revenue department.

(ii) Licenses and other income:

(a) Licenses

Income from a license is determined by payment and renewal. A license that is not paid and renewed is not considered in force and, thus, not recognized as income.

(b) Gaming machine levy

During the year, a Gross Profit Tax (GPT) regime was introduced for the betting sector, as well as the Gaming machine sub-sector (gaming lounges only). The GPT regime, although promulgated by a Ministerial Order, was still being discussed with the sector's main stakeholders, while implementation during a "trial period" was undertaken. A Ministerial Order was issued, effective November 1, 2005, with a GPT rate of 16.5% for horseracing and 7.5% for gaming lounges, while the discussions continued.

As a result of these discussions, agreements were reached, with the operators of gaming machine lounges, on rates that were different from the Ministerial Order. The rate of 2.5% of gross profits was agreed for contribution to the Commission. Revenue from this source is, therefore, accounted for based on this rate, for the allocation of Gaming Machine Levy to the Commission for the regulation of this sector.

BETTING, GAMING AND LOTTERIES COMMISSION

Notes to the Financial Statements (Continued)
March 31, 2006

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(p) Revenue recognition (cont'd):

(ii) Licenses and other income (cont'd)

(c) Government Levy Scheme – betting

The Ministerial Order also specified a GPT rate of 5% for the horseracing promoter, Caymanas Track Limited. The promoter, however, has objected to the contribution rate and this is currently under review by the Ministry of Finance and Planning. In the meanwhile, revenue from this source continues to be recognized, based on a fixed percentage of sales [note 2(p)(iv)].

(iii) Gaming machine levy

Revenue from this source would increase by \$29.7 million (2005: \$Nil) for the year, if the rates of GPT specified in the Ministerial Order were to be applied [note 2(p)(ii)(b)]. The Commission is of the view that the revised rates will form the basis of intended revision to the Ministerial Order and it would be prudent not to recognize this additional amount as income in the financial statements as the amount is not considered to be payable or collectible.

(iv) Government levy scheme – betting

Revenue from this source would increase by \$14.8 million (2005: \$Nil) for the year, if the rate from the GPT regime, specified in the Ministerial Order, in reference to the Promoter, were to be applied [note 2(p)(ii)(c)]. As the rate from the GPT regime is under review, the Commission is of the view that it would be prudent not to recognize this additional amount as income in the financial statements as the amount is not considered to be payable or collectible.

3. Cash and cash equivalents

	<u>2006</u>	<u>2005</u>
Bank of Nova Scotia (Jamaica) Limited - Current account	3,012,432	4,462,538
National Commercial Bank		
Jamaica Limited -Foreign currency account	94,852	37,384
- Savings account	26,032	26,251
First Caribbean International		
Bank Limited - Current account (note 12)	3,699,630	332,853
Escrow account - Clive McCulloch (note 6)	527,215	471,111
Petty cash imprest	<u>8,000</u>	<u>8,000</u>
	<u>\$7,368,161</u>	<u>5,338,137</u>

The escrow account represents funds not available for use by the Commission and are held in escrow, pending administration of the estate of Clive McCulloch.

BETTING, GAMING AND LOTTERIES COMMISSION

Notes to the Financial Statements (Continued)
March 31, 2006

4. Resale agreements

	<u>2006</u>	<u>2005</u>
Dehring Bunting & Golding Limited	103,974,412	103,185,336
Capital & Credit Merchant Bank Limited (note 12)	454,328	25,606,004
Pan Caribbean Financial Services (note 12)	-	195,869
Jamaica Money Market Brokers Limited	<u>55,505,311</u>	<u>24,341,361</u>
	<u>\$159,934,051</u>	<u>153,328,570</u>

Under collateralised resale agreements, the Commission obtains securities on terms which permit it to repledge or resell to others under repurchase agreements. At March 31, 2006, securities with such permission that the Commission held had a fair value of \$169,193,553 (2005: \$162,294,077).

5. Accounts receivable and prepayments

	<u>2006</u>	<u>2005</u>
Interest receivable [see (i) below]	5,316,446	4,128,876
Sales levy and fee receivable (note 12)	11,822,162	14,197,374
Inland Revenue Department - outstanding grants	-	2,724,018
Salary advance	696,949	66,878
Staff loans	1,865,209	1,193,333
Utility and rental deposits	120,523	120,524
Prepayments and other deposits [see (ii) below]	<u>1,511,918</u>	<u>2,029,063</u>
	21,333,207	24,460,066
Provision for doubtful debt	<u>(670,000)</u>	<u>(1,220,000)</u>
	<u>\$ 20,663,207</u>	<u>23,240,066</u>

Included in interest receivable is \$Nil (2005: \$1,778) in respect of the Clive McCulloch escrow account (see note 6).

6. Accounts payable and accrued charges

	<u>2006</u>	<u>2005</u>
Statutory liabilities	1,665,269	1,552,225
Clive McCulloch's escrow (notes 3 and 5)	527,214	472,889
Albert Rose Estate	186,146	-
Trade payables	4,163,367	3,891,871
Other payables and accrued charges	<u>15,787,643</u>	<u>12,959,155</u>
	<u>\$ 22,329,639</u>	<u>18,876,140</u>

BETTING, GAMING AND LOTTERIES COMMISSION

Notes to the Financial Statements (Continued)
March 31, 2006

7. Deferred income

This represents bookmakers', gaming machine and lottery licence fees received in respect of future periods.

8. Investments

	<u>2006</u>	<u>2005</u>
Held-to-maturity:		
Government of Jamaica securities		
Debentures - 2005/11 (2005: 2005/6)	195,940,000	106,101,000
US\$ Indexed bond	-	4,339,990
	<u>\$195,940,000</u>	<u>110,440,990</u>

The fair value of investments held-to-maturity at March 31, 2006 is \$198,186,630 (2005: \$114,819,268).

9. Long-term receivables

	<u>2006</u>	<u>2005</u>
Loans to employees, remeasured for concessionary interest rate [see (i) below]	1,574,637	292,715
Less: Current portion	<u>(108,000)</u>	<u>(112,112)</u>
	1,466,637	180,603
Loan to Jamaica Racing Commission, remeasured for concessionary interest rate [see (ii) below]	12,155,985	18,003,444
Provision for bad debt-JRC loan [see (ii) below]	<u>(5,000,000)</u>	<u>(5,000,000)</u>
	<u>\$ 8,622,622</u>	<u>13,184,047</u>

(i) Twenty-eight percent (28%) of loans to employees are interest-free while the remainder bears interest at 8% and 12% per annum and are repayable in equal monthly instalments. These include motor vehicle loans to travelling officers who are required to repay over a 5 year period.

(ii) This represents the balance on a \$20 million loan to The Jamaica Racing Commission (JRC) in 2003 for a six-year period, bearing interest at 12½% per annum on the reducing balance method, supported by a promissory note from JRC. Interest was payable in the first year of the loan, while principal was payable after the first year. Effective April 21, 2004, a moratorium on principal repayments was granted to JRC for an additional twelve months. \$5million has been provided for possible loan loss in view of difficulties being experienced by JRC in paying in accordance with the agreement.

The Commission has revised the interest rate to 5% per annum, and extended the loan period to six years which commenced April 1, 2005.

BETTING, GAMING AND LOTTERIES COMMISSION

Notes to the Financial Statements (Continued)
March 31, 2006

10. Employee benefit asset

A defined-benefit pension scheme is administered by Life of Jamaica Limited, for all employees of the Commission and The Jamaica Racing Commission [see note 2(n)], who satisfy certain minimum service requirements.

The benefits are computed by reference to final salary.

Amounts recognised in the financial statements in respect of post-retirement employee benefits comprise the following:

	<u>2006</u>	<u>2005</u>
Employee benefit asset:		
Present value of funded obligations	(69,402,000)	(59,408,000)
Fair value of plan assets	<u>90,794,000</u>	<u>75,615,000</u>
Net asset	21,392,000	16,207,000
Unrecognised actuarial gains	<u>(3,941,000)</u>	<u>(3,694,000)</u>
Asset recognised in balance sheet	<u>\$17,451,000</u>	<u>12,513,000</u>

(i) Movements in the net asset recognised in the balance sheet:

	<u>2006</u>	<u>2005</u>
Balance at beginning of year	12,513,000	5,228,000
Contributions paid	6,366,000	6,801,000
Expense recognised in the income and expenditure account	<u>(1,428,000)</u>	<u>484,000</u>
Balance at end of year	<u>\$17,451,000</u>	<u>12,513,000</u>

(ii) Expense recognised in the income and expenditure account:

	<u>2006</u>	<u>2005</u>
Current service costs	3,960,000	2,053,000
Interest on obligations	7,112,000	4,508,000
Recognised gain	-	(177,000)
Expected return on plan assets	<u>(9,644,000)</u>	<u>(6,868,000)</u>
	<u>\$ 1,428,000</u>	<u>(484,000)</u>
Actual return on plan assets	<u>7%</u>	<u>22%</u>

BETTING, GAMING & LOTTERIES COMMISSION

Notes to the Financial Statements (Continued)
March 31, 2006

10. Employee benefit asset (cont'd)

(iii) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	<u>2006</u>	<u>2005</u>
Discount rate	12.5%	12.5%
Expected return on plan assets	12.5%	12.5%
Future salary increases	10.0%	10.0%
Future pension increases	3.5%	3.5%
Inflation	<u>7.0%</u>	<u>7.0%</u>

BETTING, GAMING & LOTTERIES COMMISSIONNotes to the Financial Statements (Continued)
March 31, 200611. Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Old office furniture, fixtures, reference books, and equipment</u>	<u>New office furniture equipment</u>	<u>Computer equipment</u>	<u>Motor vehicle</u>	<u>Storage facility</u>	<u>Multi- media projector</u>	<u>Total</u>
At cost:									
March 31, 2004	4,055,482	18,742,916	4,593,962	3,839,670	8,106,734	4,012,654	945,856	458,393	44,755,667
Additions	-	-	-	232,382	5,065,097	1,405,862	-	-	6,703,341
Eliminated on disposal/write off	-	-	(2,803,119)	-	(288,707)	-	-	-	(3,091,826)
March 31, 2005	4,055,482	18,742,916	1,790,843	4,072,052	12,883,124	5,418,516	945,856	458,393	48,367,182
Additions	-	-	-	424,528	1,391,894	-	-	-	1,816,422
March 31, 2006	<u>4,055,482</u>	<u>18,742,916</u>	<u>1,790,843</u>	<u>4,496,580</u>	<u>14,275,018</u>	<u>5,418,516</u>	<u>945,856</u>	<u>458,393</u>	<u>50,183,601</u>
Depreciation:									
March 31, 2004	-	2,242,672	3,476,339	765,606	2,389,204	2,766,000	178,810	61,119	11,879,750
Charge for the year	-	434,671	442,672	362,945	1,549,272	519,524	15,005	99,319	3,423,408
Eliminated on disposal/write-off	-	-	(2,567,488)	-	-	-	-	-	(2,567,488)
March 31, 2005	-	2,677,343	1,351,523	1,128,551	3,938,476	3,285,524	193,815	160,438	12,735,670
Charge for the year	-	364,476	178,585	442,980	2,705,075	(617,629)	94,585	91,678	3,259,750
March 31, 2006	-	<u>3,041,819</u>	<u>1,530,108</u>	<u>1,571,531</u>	<u>6,643,551</u>	<u>2,667,895</u>	<u>288,400</u>	<u>252,116</u>	<u>15,995,420</u>
Net book values:									
March 31, 2006	<u>\$4,055,482</u>	<u>15,701,097</u>	<u>260,735</u>	<u>2,925,049</u>	<u>7,631,467</u>	<u>2,750,621</u>	<u>657,456</u>	<u>206,277</u>	<u>34,188,184</u>
March 31, 2005	<u>\$4,055,482</u>	<u>16,065,573</u>	<u>439,320</u>	<u>2,943,501</u>	<u>8,944,648</u>	<u>2,132,992</u>	<u>752,041</u>	<u>297,955</u>	<u>35,631,512</u>
Deferred charges Impairment									<u>(2,421,031)</u>
									<u>\$ 35,631,512</u>

The Commission allowed the Jamaica Society for Prevention of Cruelty to Animals (JSPCA) to occupy certain of its premises rent-free for a period of three years, which expired in March 1999. JSPCA is allowed to continue to occupy the premises rent-free on a month-by-month basis and all repair expenses are borne by JSPCA.

Deferred charges represent payments made for Architects and Engineering fees for a building intended to be constructed on the Commission's land. It is no longer management's opinion that the fees can be recovered from sale of the land, if necessary.

BETTING, GAMING & LOTTERIES COMMISSION

Notes to the Financial Statements (Continued)
March 31, 2006

12. Reserve for contingencies

The Jamaica Lottery Company (JLC), Supreme Ventures Limited, Telefun International Limited, and Caymanas Track Limited (CTL) pay annual fees to the Commission to defray certain personnel expenses, such sum to be reviewed annually. JLC and Supreme Ventures pay 1% of total sales as cess, except for amounts deducted from JLC's 'Lotto' for free tickets. The fund, built up from the annual fees and the cess, is represented partly by cash (note 3), resale agreements (note 4), taxation recoverable and partly by accounts receivable (note 5). In previous years, expenditure by the Commission was partly funded by transfers from the fund to the income and expenditure account. Since April 1, 2003, these fees are recognised in the income and expenditure account as part of the Commission's normal operations.

13. Reserve for capital development

This represents interest earned on fixed deposits which are maintained as reserve funds for purposes of capital development. Transfers are made to keep the reserve at a level that is considered adequate by management. No transfers were made during the year.

14. Deferred tax liability

(a) Deferred tax liability is attributable to the following:

	<u>2006</u>	<u>2005</u>
Employee benefit asset	(1,134,315)	(4,171,000)
Accounts receivable and prepayments	(1,772,149)	(1,376,292)
Property, plant & equipment	(405,932)	(3,742,098)
Accounts payable and accrued charges	<u>801,410</u>	<u>3,382,620</u>
	<u>\$(2,510,986)</u>	<u>(5,906,770)</u>

(b) Movement in temporary differences during the year:

	<u>Balance at March 31, 2005</u>	<u>Recognised in income</u> [note 17(a) (ii)]	<u>Balance at March 31, 2006</u>
Employee benefit	(4,171,000)	3,036,685	(1,134,315)
Accounts receivable and prepayments	(1,376,292)	(395,857)	(1,772,149)
Property, plant and equipment	(3,742,098)	3,336,166	(405,932)
Accounts payable	<u>3,382,620</u>	<u>(2,581,210)</u>	<u>801,410</u>
	<u>\$(5,906,770)</u>	<u>3,395,784</u>	<u>(2,510,986)</u>

BETTING, GAMING AND LOTTERIES COMMISSION

Notes to the Financial Statements (Continued)
March 31, 2006

15. Financial instruments

(a) Fair values:

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying amounts reflected in the financial statements for cash and cash equivalents, resale agreements, accounts receivable, accounts payable are assumed to approximate to their fair values due to their short-term nature.

The fair value of long-term receivables is assumed to approximate its carrying value as no loss on realisation is anticipated.

(b) Financial instrument risks:

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation resulting in financial loss to the other party.

The credit risk for the Commission is primarily in respect of resale agreements, investments and long-term receivables. Resale agreements are held with reputable financial institutions and investments are mainly in Government securities. Management has an established policy in place for the granting of loans which minimises exposure to credit risk.

There are no other significant concentrations of audit risk and the maximum exposure to this risk is represented by the carrying amounts of each financial asset in the balance sheet.

(ii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Commission manages this risk by investing in Government securities using carefully selected financial institutions.

(iii) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in prices, whether those changes are caused by factors specific to the individual security or its issuers or factors affecting all securities traded in the market. At the balance sheet date, the Commission did not have any financial instruments subject to this risk as it has no traded securities.

BETTING, GAMING AND LOTTERIES COMMISSION

Notes to the Financial Statements (Continued)

March 31, 200615. Financial instruments (cont'd)

(iv) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the Commission will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The Commission manages this risk by ensuring that reliable budgets are submitted to the Government of Jamaica to facilitate timely receipt of subventions. Sufficient cash resources are also maintained.

(v) Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Commission incurs foreign currency risk on transactions that are denominated in a currency other than the Jamaica dollar. The main currency giving rise to this risk is the US dollar. The Commission ensures that the net exposure is kept to an acceptable level by reviewing foreign exchange rate movements, monitoring investments in foreign currency and holding instruments for a short-term.

As at March 31, 2006, net foreign currency assets amounted to US\$190,604 (2005: US\$248,107).

(b) Financial instruments risk (cont'd):

(vi) Cash flow risk:

Cash flow risk is the risk that future flows associated with a monetary financial instrument will fluctuate in amount. The Commission manages this risk by ensuring, as far as possible, that cash flows relating to monetary financial liabilities and assets are matched to mitigate any significant adverse cash outflows.

16. Grants

	<u>2006</u>	<u>2005</u>
The Jamaica Racing Commission [see (i) below]	-	10,000,000
Ministry of Finance and Planning [see (ii) below]	<u>4,000,000</u>	<u>3,333,333</u>
	<u>\$4,000,000</u>	<u>13,333,333</u>

BETTING, GAMING & LOTTERIES COMMISSION

Notes to the Financial Statements (Continued)
March 31, 2005

16. Grants (cont'd)

- (i) In 2005, at the request of the Ministry of Finance and Planning, a grant of \$10 million was made to The Jamaica Racing Commission (JRC) in respect of its projected deficit.
- (ii) During 2005, at the request of the Ministry of Finance and Planning, a grant of \$4 million (2005:\$4 million) was made to the Ministry in respect of services of a special advisor to the Ministry on matters relating to the Racing Industry. The grant is payable monthly, effective June 1, 2005 (2005: June 1, 2004).

17. Taxation

- (a) The charge for taxation is based on the surplus before taxation, as adjusted for tax purposes, and is made up as follows:

	<u>2006</u>	<u>2005</u>
(i) Current tax charge:		
Income tax at 33%	5,999,337	4,654,546
Prior year/(over) under-provision	<u>3,161,599</u>	<u>(1,911,707)</u>
	9,160,936	2,742,839
(ii) Deferred tax charge:		
Origination of temporary differences [<u>note 14(b)</u>]	<u>(3,395,784)</u>	<u>7,317,875</u>
Tax charge recognised in the income and expenditure account	<u>\$ 5,765,152</u>	<u>10,060,714</u>

- (b) Reconciliation of effective tax rate:

The effective tax rate for 2006 was 5.98% (2005: 12.98%) of \$96,362,152 (2005: \$77,498,420) pre-tax profits pro-rated, compared to the statutory tax rate of 33½% (2003: 33½%). The actual charge differs from the "expected" tax charge for the year as follows:

	<u>%</u>	<u>2006</u>	<u>%</u>	<u>2005</u>
Surplus before taxation		<u>\$96,362,152</u>		<u>77,498,420</u>
Computed "expected" tax charge at 33	33.33	32,120,717	33.33	25,832,807
Difference between profit for financial statements and tax reporting purposes on:				
Depreciation and capital allowances	(2.18)	(2,102,961)	0.69	535,184
Disallowed expenses	1.00	965,711	4.02	3,116,761
Unrealised exchange gain-capital	(0.15)	(149,234)	(0.03)	(23,694)
Interest receivable	-	-	0.02	15,233
Accounts payable	2.70	2,599,318	-	-
Income exempt from income tax	(27.90)	(26,883,117)	(24.40)	(18,896,825)
Prior year over-provision	3.28	3,161,599	(2.46)	(1,911,707)
Other	<u>(4.10)</u>	<u>(3,946,881)</u>	<u>1.79</u>	<u>1,392,955</u>
Actual tax charge	<u>5.98</u>	<u>5,765,152</u>	<u>12.98</u>	<u>10,060,714</u>

BETTING, GAMING & LOTTERIES COMMISSION

Notes to the Financial Statements (Continued)
March 31, 2006

18. Related party balances and transactions

(a) Related parties:

A party is related to an entity, if:

- (i) directly, or indirectly through one or more intermediaries, the party:
 - (a) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries, where applicable);
 - (b) has an interest in the entity that gives it significant influence over the entity; or
 - (c) has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iii) the party is a member of the key management personnel of the entity or its parent;
- (iv) is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(b) Identity of related parties:

The company has a related party relationship with other government agencies, as well as its "key management personnel" which comprises the Commissioners, officers and certain senior executives, being the Executive Director and the Director of Administrative & Finance.

(c) In addition to those stated separately thereon, the balance sheet includes balances from transactions with related parties, arising in the ordinary course of business as follows:

	<u>2006</u>	<u>2005</u>
	\$	\$
Key management personnel:		
Accounts receivable	228,196	181,190
Accounts payable	1,716,125	734,875
Pension obligation	276,000	-
Other government agencies long-term receivable	<u>7,155,990</u>	<u>13,003,444</u>

BETTING, GAMING & LOTTERIES COMMISSION

Notes to the Financial Statements (Continued)
March 31, 2006

18. Related party balances and transactions (cont'd)

- (d) The income statement includes administration expenses incurred in transactions with related parties, as follows:

	<u>2006</u>	<u>2005</u>
	\$	\$
Key management personnel compensation:		
Commissioners - fees	386,500	270,500
- cash allowances	393,876	178,940
Other key management personnel	<u>4,384,445</u>	<u>4,437,008</u>

19. Contingencies

- (i) A two-fold claim has been filed against the Commission by a former employee:
- a claim for wrongful dismissal in the sum of \$1,746,727 up to March 31, 2002 and continuing thereafter at \$124,766 per month;
 - a sum of \$67,680 deducted from terminal payments in respect of the outstanding amount alleged to be due in payments for lease of a motorcar.

The Commission was granted a favourable decision on September 18, 2003. This decision has been appealed by the plaintiff. If the plaintiff succeeds in this action, there is a potential order for costs against the Commission for a further amount which should not exceed \$750,000 (2005: \$750,000). However, the Commission's attorney indicated that the Commission has a reasonable case that it was entitled to dismiss the former employee for cause. No provision has been made in the financial statements in respect of these amounts.

- (ii) A claim for reinstatement was filed against the Commission by another former employee. The appellant was unsuccessful in the Supreme Court and accordingly, judgement and an order for costs were made in favour of the Commission. The Commission has been awarded \$1,761,911.05. The appellant filed a Points of Dispute on May 1, 2006 and the Commission is now awaiting a date for the appeal. No accrual has been made in the financial statements in respect of this amount as the eventual collection of the amount is uncertain.
- (iii) Another matter involves an application by a former employee of the Commission seeking Judicial Review of his dismissal from the Courts. Judgment was entered in favour of the Commission on the 6th December 2002 with costs in the sum of \$836,435.58 incurred by the Commission during the Supreme Court proceedings to be paid by the applicant. The Court issued an order for Seizure and Sale of the applicant's goods for the purpose of recovering these costs and the attorneys are currently awaiting our instructions to have same executed. The applicant had also filed an appeal against the judgement of the Supreme Court. This appeal was dismissed for want of prosecution by an Order of the Court of Appeal dated 29th July, 2005.

BETTING, GAMING & LOTTERIES COMMISSION

Notes to the Financial Statements (Continued)

March 31, 200620. Accounting estimates and judgements

(a) Pension and other post-retirement benefits

The amounts recognised in the balance sheet and income statement for pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include expected long-term return on plan assets, the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations and the expected rate of increase in medical costs for post-retirement medical benefits.

The expected return on plan assets assumed considering the long-term historical returns, asset allocation and future estimates of long-term investment returns. The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the company's obligation; in the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. The estimate of expected rate of increase in medical costs is determined based on inflationary factors. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

(b) Provision for doubtful debts

In determining amounts recorded for impairment of accounts receivable in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from accounts receivable, for example, payment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired amounts accounts receivable as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant accounts receivable.

(c) Useful life of property, plant and equipment

The residual values and the useful life of each asset are reviewed at least at each financial year-end, and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The useful life of an asset is defined in terms of the asset's expected utility to the commission.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amounts reflected in the financial statements in respect of the foregoing.

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21. New and revised standards and interpretations effective in 2005

During the year, the commission adopted the following new and revised IFRS:

IAS 1 (revised 2003)	Presentation of Financial Statements
IAS 8 (revised 2003)	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10 (revised 2003)	Events after the Balance Sheet Date
IAS 16 (revised 2003)	Property, Plant and Equipment
IAS 17 (revised 2003)	Leases
IAS 24 (revised 2003)	Related Party Disclosures
IAS 32 (revised 2003)	Financial Instruments: Presentation
IAS 36 (revised 2003)	Impairment of Assets
IAS 38 (revised 2003)	Intangible Assets
IAS 39 (revised 2003 and 2004)	Financial Instruments: Recognition and Measurement
IFRS 2 (new)	Share-based Payment
IFRS 4 (new)	Insurance Contracts
IFRS 5 (new)	Non-Current Assets Held for Sale and Discontinued Operations

Of the above-listed standards, only IAS 1, IAS 8, IAS 16 and IAS 24 affected the financial statements, as follows:

- (i) IAS 1 resulted in additional disclosures and in changes to the format of the income statement;
- (ii) IAS 8 resulted in disclosure of new and revised standards and interpretations effective for 2005, and disclosure of those issued but not yet effective;
- (iii) IAS 16 resulted in a revaluation of residual values
- (iv) IAS 24 resulted in disclosure of key management compensation (see note 18); and

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March 31, 200622. New and revised IFRS and interpretations

At the date of authorisation of the financial statements for issue, there were certain new and revised standards and interpretations which were in issue but were not yet effective. Those standards and their effective dates, for accounting periods beginning on or after those dates, are as follows:

IFRS 6	Exploration for Evaluating of Mineral Resources	January 1, 2006
IFRS 7	Financial Instruments: Disclosure	January 1, 2007
IFRIC 4	Determining whether an Arrangement Contains a Lease	January 1, 2006
IFRIC 5	Rights to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	January 1, 2006
IFRIC 6	Liabilities arising from Participating in a Specific Market – Waste, Electrical and Electronic Equipment	December 1, 2006
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyper-Inflationary Economies	March 1, 2006
IAS 19 Amendments	Actuarial Gains & Losses, Group Plans and Disclosures	January 1, 2006
IAS 39 Amendments	The Fair Value Option	January 1, 2006
IAS 39 Amendments	Financial Instrument Cash Flow Hedge Accounting for Forecast Intra-group Transactions	January 1, 2006
IAS 39 Amendments	Financial Guarantee Contracts	January 1, 2006
IFRIC 8	Scope of IFRS 2	May 1, 2006
IFRIC 9	Reassessment of Embedded Derivatives	June 1, 2006
IFRIC 10	Interim Financial Reporting and Impairment	November 1, 2006
IFRIC 11	Group and Treasury Share Transactions	March 1, 2007
IFRIC 12	Service Concession Arrangement	January 1, 2008
IFRS 8	Operating Segments	January 1, 2009

The adoption of IAS 19 Amendment and IFRS 7 are expected to result in additional disclosures for financial instruments. Except for these additional disclosures, the adoption of these standards and interpretations are not expected to have a material impact on the financial statements.

Notes

