



# Betting Gaming & Lotteries Commission Annual Report 2014–2015

Regulating | Facilitating | Enabling

# **Betting, Gaming & Lotteries Commission**

## **Annual Report 2014–2015**

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Betting, Gaming & Lotteries Commission

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# Table of Contents

<b>Introduction .....</b>	<b>3</b>
<b>About the Commission .....</b>	<b>4</b>
Corporate Governance Framework .....	6
Board of Commissioners.....	9
Senior Management Team.....	10
<b>Message from the Chairman .....</b>	<b>11</b>
<b>Message from the Executive Director .....</b>	<b>15</b>
<b>Gaming Industry Performance Review.....</b>	<b>22</b>
<b>Betting Sector.....</b>	<b>26</b>
Lottery Sector.....	34
Gaming Sector .....	39
<b>Divisional Reports.....</b>	<b>47</b>
Licensing & Registration .....	48
Compliance & Regulatory .....	57
Enforcement.....	59
Legal Services.....	61
Information & Communication Technology .....	63
Human Resources & Administration .....	65
Internal Audit .....	66
Communications & Research.....	67
<b>Auditor's Report &amp; Financial Statements.....</b>	<b>70</b>

# Introduction

The Betting, Gaming and Lotteries Commission is pleased to present the 40<sup>th</sup> Annual Report and Statements of Revenue and Expenditure for the period April 1, 2014 to March 31, 2015.

Actual figures, including totals in most tables, have been rounded to the nearest (\$) million. As a result, some corresponding percentages will reflect changes due to this rounding.

**Note: Income figures contained in the sector reports will not necessarily correspond with those reflected in the Financial Statements due to differences in the periods used to capture data in the Financial Statements, as compared with licensees' reporting periods.**

# About 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 of 1965. The Commission licenses, regulates and monitors the local gaming industry, facilitates its growth and development, and protects the public from unfair, unscrupulous and illegal activities.

Specifically, the Commission:

- regulates and controls the operation of betting, gaming and the conduct of lotteries in Jamaica;
- grants permits, licences and approvals to persons or entities considered fit and proper to conduct betting, gaming and lottery activities;
- examines, in consultation with such organisations and persons as it considers appropriate, problems relating to the operation of betting, gaming and lotteries;
- conducts investigations, studies and surveys for the purpose of obtaining information for use in the exercise of its functions;
- furnishes information and advice to the Minister of Finance in accordance with the exercise of the Minister's function under the Act and recommends legislative amendments pertaining to the Act, Regulations and Orders to ensure orderly development of the industry.

## VISION

To be the premier gaming  
regulator worldwide

## MISSION

To regulate the gaming  
industry using best practices to  
secure high levels of  
compliance and  
public confidence

## VALUES

Respect • Excellence • Integrity  
Quality Service • Honesty  
Professionalism • Teamwork  
Open Communication

# Corporate Governance Framework

The Public Bodies Management & Accountability Act (PBMAA) is the main legislation that defines the governance framework for public sector bodies and is integral to the development of the Corporate Governance Framework for Public Sector Bodies (CGF) 2014. The Betting, Gaming & Lotteries Commission recognises that compliance with both the PBMAA and the CGF are critical in the exercise of good governance.

## Composition of Board of Commissioners

The Betting, Gaming and Lotteries Act (BGLA), by which the Commission is established as a body corporate, includes provision for the membership of the Commission: (Schedule I) – the Board shall consist of not less than five (5) and no more than seven (7) Commissioners as the Portfolio Minister may determine from time to time. The Commission's Board currently comprises six (6) members serving a term of three (3) years ending February 2015. This number was reduced to five (5) in November 2014 due to the resignation of Commissioner Terrence Allen. In January 2015, Mr. Roderick Heaven was appointed by the Portfolio Minister to replace Commissioner Allen and to serve the Commission up to March 2015.

## Meetings of the Board

A total of twelve (12) regular monthly meetings of the Board are scheduled in each calendar year. In 2014, one special meeting of the Board was held as well as a Board Retreat during the period September 11-13.

NAME OF COMMISSIONER	MEETINGS ATTENDED
Gary Peart	11 / 12
Leacroft Forden	9 / 12
Peter Reid	7 / 12
Gilroy English	10 / 12
Monique Harrison-Beckford	8 / 12
Terrence Allen (Resigned)	8 / 12

Special meetings of the Board may be convened either on the instruction of the Chairman or on the written request of at least three (3) Board members. The Executive Director and Company Secretary attend all Board and Board subcommittee meetings, and Divisional Heads are invited to respective subcommittee meetings.

### **Board Subcommittees**

In acknowledging its responsibility for achieving the strategic initiatives of the Commission and for the effective oversight of the management of the Commission's operations, the Board has established a number of subcommittees to assist in the execution of its duties. These are:

- Audit & Risk
- Human Resources & Administration
- Finance
- Legal & Regulatory
- Licensing & Registration
- Enforcement & Security
- Special Projects

Each subcommittee has its own terms of reference which are Board approved. Verbal and written reports are submitted to the Board monthly by the respective subcommittee Chairperson on pertinent issues that require the attention and decision of the full Board.

### **Audit**

Terrence V. Allen (Chairperson) \*Mar - Nov '14

C.S. Roderick Heaven (Chairperson) \*Jan '15 - Present

Gilroy English

### **Finance**

Peter Reid (Chairperson)

Leacroft Forden

### **Legal & Regulatory**

Gilroy English (Chairperson)

Monique

### **Special Projects**

Terrence V. Allen (Chairperson) \*Mar - Nov '14

C.S. Roderick Heaven (Chairperson) \*Jan '15 - Present

Gilroy English



### Human Resources & Administration

Monique Harrison-Beckford (Chairperson)

Terrence V. Allen \*Mar - Nov '14

Peter Reid \*Jan '15 - Present

### Licensing & Registration

Gilroy English (Chairperson)

Terrence V. Allen \*Mar - Nov '14

C.S. Roderick Heaven \*Jan '15 - Present

### Security & Enforcement

Gary Peart (Chairman)

Leacroft Forden

### Board Performance Evaluation

A performance evaluation of the Commissioners was conducted for the calendar year using a questionnaire. The findings were disclosed at a meeting of the Board held in April 2015. A summary report was thereafter submitted to the responsible Portfolio Minister.

### Compensation of Commissioners - 2014 / 2015

Position	Fees (\$)	Travelling (\$)	Total (\$)
Chairman (GP)	135,060	1,560	136,620
Commissioner (TA)	163,875	18,750	182,625
Commissioner (MB)	85,935	21,870	107,805
Commissioner (PR)	124,000		124,000
Commissioner (LF)	95,625		95,625
Commissioner (GE)	127,125		127,125
Commissioner (RH)	37,875		37,875
<b>Grand Total</b>	<b>769,495</b>	<b>42,180</b>	<b>811,675</b>

#### Notes:

Total excludes compensation of \$3,254,336 (i.e. fees - \$3,236,336 + travelling – \$18,000) to Company Secretary.

# Board of Commissioners



**Gary Peart**  
Chairman



**Leacroft Forden**



**Monique Harrison-Beckford**



**Terrence Allen, FICB, JP \***



**Gilroy English**



**Peter Reid**



**Anna Young**  
Company Secretary

\* Mr. Terrence V. Allen resigned from the Board in November 2014 and was succeeded by Mr. C.S. Roderick Heaven who commenced service in January 2015.

# Senior Management Team



**Jack Shirley**  
Executive Director



**Gail Kamicka**  
Director, Human Resources  
& Administration



**Carole Martinez-Johnson**  
Director, Information &  
Communication Technology



**Garnett Daley**  
Director, Enforcement



**Karla Small Dwyer**  
Director, Legal Services



**Maurice Thompson**  
Director, Licensing &  
Registration



**Laurie Wiggan**  
Director, Compliance &  
Regulatory



**Lorraine Thompson-Barnett**  
Director, Finance &  
Accounts



**Jana Bent**  
Manager, Communications  
& Research



**Winston Jackson**  
Internal Auditor

# Message from the Chairman



With three years at the helm of the BGLC, my fellow Commissioners and I continue to applaud the efforts and commitment of the management and staff who have truly coalesced as a team and have made significant strides this year. Following a robust refinement of our operations and the development of new Mission and Vision statements, we have emerged with a more precise, long-range perspective and have set a course towards strengthening industry compliance through operational efficiency, greater levels of engagement with our stakeholders and benchmarking global industry standards and best practices.

One such international imperative that has come into sharper focus this year is the Proceeds of Crime Act /Anti Money

Laundering compliance requirements stipulated by the Caribbean Financial Action Task Force (CFATF), the regional body charged with implementing common counter-measures against money laundering.

As in many other territories, the Jamaican gaming industry is seen as being particularly vulnerable to money laundering and, as such, the BGLC has been conferred with certain powers as the Competent Authority to develop the necessary framework in order to ensure compliance among gaming/gambling establishments which have been classified as Designated Non Financial Institutions (DNFIs).

In that regard, the Commission has been engaging with local stakeholders on an ongoing basis to provide information and guidance.

*As co-occupants of new premises, the BGLC and JRC have made a significant first step towards the merger through daily interaction and cooperation while operating independently under one roof.*

### **New Location & Merger Preparation**

Our long awaited relocation from the cramped and splintered accommodations at Ruthven Road happened in one fell swoop in November 2014, with both the BGLC and the Jamaica Racing Commission (JRC) moving to new headquarters at 78CEF Hagley Park Road.

From the point of view of both entities, the move to this new space is also symbolic in many respects, signalling new possibilities for the future ushered by the expected merger of the two entities. As co-occupants of new premises, the BGLC and JRC have made a significant first step towards the merger through daily interaction and cooperation while operating independently under one roof.

However, an essential step in the merger process is the development of a legislative framework that will define and legitimise the merged entity as one cohesive body. Considerable work is already underway in this

regard and the legislation governing each Commission, namely the Betting, Gaming and Lotteries Act and the Jamaica Racing Commission Act, are currently being reviewed.

### **Election to IAGR Board of Trustees**

The BGLC received further international recognition this year by the appointment of our very own Executive Director to the Board of Trustees of the International Association of Gaming Regulators (IAGR), effective from April 20, 2015 and concluding in the Fall of 2018. As a member of the Board of Trustees, the BGLC will be uniquely positioned to participate in high-level discussions and policy decisions with respect to the global gaming industry, bringing us that much closer to realising our Vision and Mission.

### **New Corporate Social Responsibility Focus**

In recognition of the importance of good corporate citizenship in relation to the financial, social, cultural and environmental issues that affect our stakeholders and the

community in which we operate, we elevated our corporate social responsibility initiatives several notches.

#### *RISE Life Management Services*

For the past eleven (11) years, the BGLC has funded RISE Life Management Services in executing their Gambling Addiction Treatment and Prevention programmes. In 2005, with support from the BGLC amounting to some \$6 million, RISE was able to establish the only Responsible Gaming programme in Jamaica and the English speaking Caribbean. Each year this support has grown and now sits at \$8 million annually.

#### *Education Fund*

We also take our responsibility towards the youth of Jamaica very seriously, and this year we added a new initiative to assist needy tertiary students with tuition costs. The BGLC Education Fund was established primarily for students residing in and around the Hagley Park community. A total of \$5 million in grants have been awarded to 83 students over the 2014/15 academic year. In the future, we hope to extend the geographical boundaries for eligible applicants to allow students from other communities to apply.

### **Industry Outlook**

#### *Online/Mobile Gaming*

Two potential growth areas for the Jamaican gaming/gambling market which are receiving increasing attention from the Commission are mobile and online gaming. The online gaming market is composed of several different types of games, each with its own business model

and technology. From as early as 2003, the size of the global online gaming market was estimated at \$7.4 billion with projections to reach \$41.4 billion by 2015<sup>1</sup>.

If Jamaica wants a piece of that pie, policy deliberations must be carefully weighed against issues such as security, protection of minors and other vulnerable groups as well as tax revenue implications. As the rate of internet penetration in Jamaica increases, the lure of the many online gambling opportunities will become increasingly difficult to control, particularly as we do not currently have the necessary legislation in place to regulate this form of gaming.

On the other hand, mobile gaming is one of the fastest growing sub-sectors globally. A recent H2 Gambling Capital forecast has predicted that the global mobile market will generate gross gaming wins of \$19 billion by 2018 and represent 44% of all interactive gambling ventures<sup>2</sup>.

In Jamaica, mobile gaming has already gained some traction by way of telephone/text betting which was introduced by Caymanas Track Limited (CTL) during the 3<sup>rd</sup> quarter of 2014 (October). While other forms of mobile gaming exist in other jurisdictions, telephone/text betting provides real opportunities in Jamaica given the rapid penetration of smart phones and other mobile devices.

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<sup>1</sup> [www.statista.com](http://www.statista.com)

<sup>2</sup> [www.h2gc.com](http://www.h2gc.com)

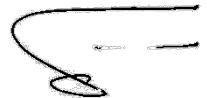
## Conclusion

Despite the economic strictures of the past year, the Commission maintained a creditable performance in regulating the industry and facilitating its continued growth while securing Government revenues. The growth has benefitted all players and together we can achieve even greater gains.

As we look forward to pioneering through the next wave of change and challenges, I applaud our licensees for their continued cooperation and interest. With the guidance and support of the team at the Ministry of Finance and Planning, the challenges ahead appear infinitely more manageable than they seemed a year ago.

Our Commissioners and Executive Director have led the quantum leap made collectively by the management and staff of the BGLC and I commend the entire team for remaining committed to the stewardship of the local gaming industry with renewed vigour this year.

My fellow Commissioners and I are proud to lead this unified group of professionals into a new era of actualising our goals and to continue to embody our slogan – *regulating, facilitating, enabling*.



Gary Peart  
Chairman



# Message from the Executive Director



I am pleased to report on the year's sterling performance achieved through the hard work of our committed and dedicated team at the BGLC. For the year under review, the BGLC generated revenue of \$1.120 billion, resulting in an after tax profit of \$590.86 million—a 6.35% increase over the previous year, after a contribution of \$558 million to the Consolidated Fund. The Commission remains very liquid and solvent with an accumulated surplus of \$867 million.

Overall, the industry remains buoyant with total sales of \$119.67 billion, total payout to punters of \$103.15 billion (85.84% of sales) and gross profits of \$16.52 billion. Government earnings for the year totalled \$5.455 billion, inclusive of \$1.512 billion in contributions to the CHASE Fund for charitable causes.

The main sector contributions to this splendid overall performance are as follows:

- Lottery Sector	\$4.760 billion
- Gaming Sector	\$0.410 billion
- Betting Sector	\$0.267 billion
- Prize Promotions	\$0.018 billion
<b>Total</b>	<b>\$5.455 billion</b>

## Organisational Effectiveness

As indicated in previous reports, the BGLC constantly works to become a more highly skilled and responsive organisation through investing in the development of our people and targeted allocation of human resources. This became necessary owing to the challenges associated with regulating and advising on gambling in the innovative and technological environment in which we find ourselves.



*Despite considerable effort in tackling illegal gambling, it is estimated that billions in industry revenue are lost annually due to the proliferation of illegal gambling and related criminal activities.*

Consequently, we have been working assiduously to offer more convenient online payment and application methods to our licensees and new applicants, especially since we operate from only one location. With our highly capable ICT Division, this and other major initiatives have been implemented over the short term, with further enhancements to come. We are also making preparations for connectivity with licensees to eliminate much of the manual paperwork and to become more efficient in our inspection and monitoring procedures.

### **Leveraging Partnerships**

#### *Organised Crime Investigation Division (OCID)*

Despite considerable effort in tackling illegal gambling, it is estimated that billions in industry revenue are lost annually due to the proliferation of illegal gambling and related criminal activities. A major effort towards strengthening the Commission's enforcement capabilities is the development of a partnership agreement with the Organised

Crime Investigation Division (OCID) which is expected to yield positive outcomes in the fight to eradicate illegal gambling in Jamaica. Under the agreement, OCID will provide the BGLC with additional personnel as well as investigative, surveillance, technical and specialist support.

#### *HEART Trust/NTA*

Meanwhile, in an effort to address the existing need for standardised training programmes for persons seeking careers in the gaming industry, particularly for positions which attract licensing requirements from the BGLC and JRC, we have initiated discussions with the HEART Trust/NTA with a view to developing training and certification programmes for certain industry personnel. A formal Memorandum of Understanding between the BGLC and HEART Trust is expected to be signed in the ensuing period.

### **Industry Updates**

We are making significant progress in our aim to raise standards in the local gambling

industry, empower consumers to manage the risk of gambling and build understanding of gambling issues. The way people pay for entertainment is changing and as new solutions are developing to meet evolving consumer preferences, the gaming and amusement industry must keep pace in order to remain accessible to the changing demographics.

For example, as the payment landscape within the industry becomes more complex, it is influenced by a plethora of factors, including consumer tastes, local regulation (POCA/AML), security threats and technology. As a gaming industry regulator, we have been very prudent in maintaining monetary integrity and public trust, well ahead of the proposed introduction of POCA/AML monitoring in Designated Non-Financial Institutions (DNFIs). This will be further enhanced as we formally adopt new and more aggressive anti-money laundering regulations which will play a critical role in defeating related criminal activity.

However, electronic payments have gained significant growth in recent years and are becoming increasingly prevalent worldwide. In short order the use of mobile phones will become commonplace in conducting financial transactions of various types. As a result of this realisation, financial institutions are partnering with technology service providers to introduce 'mobile money', otherwise called 'electronic purse' or 'virtual currency'.

The industry we regulate must not be left behind. Technology-driven payment solutions are expected to be a boom to the industry in

the not too distant future as it will have the ability to accurately monitor performance, track cash throughout the location and glean crucial information about customers and their preferences. This can further strengthen relationships between players, operators and regulators.

For the industry to continue to grow, operators and promoters must meet the demands of a more technology savvy clientele that favours the use of mobile instruments/electronic payment solutions which offer greater flexibility remotely with added security, seeing that winnings could be added back to a card or account, instead of cash redemption. A secure mobile solution also has built-in fraud prevention measures that are considered more secure than using debit/credit cards, and also eliminates some of the cost barriers to new industry entrants.


Moreover, convenience has always driven consumer acceptance. Therefore, when alternative options become more convenient and safer than cash options, we anticipate a migration towards mobile. This will play a great role in removing the fear of operators that they will lose business in attempting to implement "know your customers" (KYC) questionnaires at their establishments in keeping with POCA/AML requirements. Mobile money strategies under consideration by the promoters would provide 'clean' money from financial institutions that would have already done KYC interrogation on prospective punters.

## The Future

Protecting players and the wider public from gambling related harm—be it from illegal slot machines, consumer exploitation or problematic gambling behaviour—will always remain at the heart of what we do.

We will continue to push operators to develop their approaches to social responsibility, to analyse player activity, improve customer interaction and focus more on the potential harm that their products may cause. Improving public confidence through demonstrable progress in player protection measures is key if this popular leisure industry is allowed to innovate and thrive.

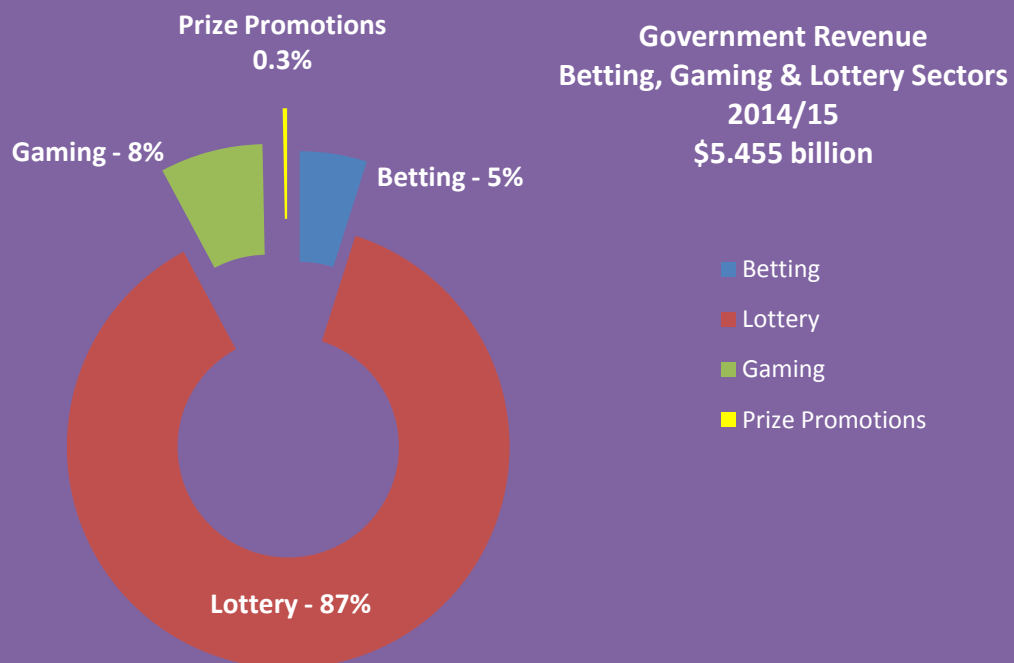
While the coming year promises many changes and challenges, with the combined efforts of our dedicated team of professionals, we look forward to reaching new heights as we continue to facilitate the orderly growth of the industry and ensure maximum returns that benefit good causes, whilst ensuring probity and player protection.

A handwritten signature in black ink, appearing to read 'A "Jack" Shirley', with a long horizontal line extending from the end of the signature.

A "Jack" Shirley  
Executive Director

# Statistical Highlights

Gaming taxes, levies and contributions for FY 2014/2015 totalled \$5.455 billion. The lottery sector contributed 87% of total revenue, followed by gaming (8%) and then betting (5%).



**16 %**

% increase over 2013/2014



**\$5.455 billion**

2014/2015 taxes, levies and contributions



**\$4.698 billion**

2013/2014 taxes, levies and contributions

## 2014 / 2015 GOVERNMENT REVENUE PAYABLE &amp; COLLECTED

## INDUSTRY PERFORMANCE 2014 / 2015

	Consol. Fund \$M	BGLC \$M	CHASE \$M	JRC \$M	TOTAL \$M
<b>BETTING SECTOR</b>					
<b>Bookmakers</b>					
Local & Simulcast Racing	14,638	24,337	0	121,687	160,663
Sports Betting	20,046	2,864	2,864	0	25,773
Unclaimed Winnings	0	5,802	0	0	5,802
Permit & Licence Fees	0	6,899	0	0	6,899
<b>Racing Promoter</b>					
Local & Simulcast Horseracing Taxes	18,243	9,122	0	41,047	68,411
<b>Total - Betting Payable</b>	<b>52,927</b>	<b>49,024</b>	<b>2,864</b>	<b>162,734</b>	<b>267,548</b>
Betting Levies/Taxes Paid	34,216	27,791	1,866	151,216	215,089
Unclaimed Winnings	0	5,802	0	0	5,802
Bookmakers Licence Fees	0	6,899	0	0	6,899
<b>Total - Betting Collected</b>	<b>34,216</b>	<b>40,492</b>	<b>1,866</b>	<b>151,216</b>	<b>227,790</b>
<b>LOTTERY SECTOR</b>					
Lottery Taxes	2,216,591	650,421	1,318,910	0	4,185,922
Lottery Tax Winning Levy	227,745	0	0	0	227,745
Unclaimed Winnings	0	154,894	154,894	0	309,788
Lottery Licence Fees	0	36,800	0	0	36,800
<b>Total - Lottery Payable</b>	<b>2,444,336</b>	<b>842,115</b>	<b>1,473,804</b>	<b>0</b>	<b>4,760,255</b>
Lottery Taxes	1,974,754	642,477	1,312,516	0	3,929,747
Lottery Tax Winning Levy	229,670	0	0	0	229,670
Unclaimed Winnings	0	142,314	144,014	0	286,328
Lottery Licence Fees	0	36,800	0	0	36,800
<b>Total - Lottery Collected</b>	<b>2,204,424</b>	<b>821,591</b>	<b>1,456,529</b>	<b>0</b>	<b>4,482,545</b>
<b>GAMING SECTOR</b>					
Gaming Machine Levies & Fees	19,779	36,650	0	0	56,429
Levies, Gross Profit Taxes & Contributions	229,838	88,399	35,360	0	353,597
<b>Total - Gaming Payable</b>	<b>249,617</b>	<b>125,049</b>	<b>35,360</b>	<b>0</b>	<b>410,026</b>
<b>Total - Gaming Collected</b>	<b>232,421</b>	<b>118,871</b>	<b>35,739</b>	<b>0</b>	<b>387,030</b>
<b>PRIZE PROMOTIONS</b>					
Prize Competition Fees	0	17,536	0	0	17,536
<b>INDUSTRY TOTAL PAYABLE</b>	<b>2,746,880</b>	<b>1,033,724</b>	<b>1,512,027</b>	<b>162,734</b>	<b>5,455,366</b>
<b>INDUSTRY TOTAL COLLECTED</b>	<b>2,471,061</b>	<b>998,490</b>	<b>1,494,134</b>	<b>151,216</b>	<b>5,114,901</b>

### 3 YEAR REVIEW GOVERNMENT REVENUE PAYABLE & COLLECTED

	Consolidated Fund \$M			BGLC \$M			CHASE \$M			JRC \$M			GRAND TOTAL \$M		
	14/15	13/14	12/13	14/15	13/14	12/13	14/15	13/14	12/13	14/15	13/14	12/13	14/15	13/14	12/13
<b>Bookmakers</b>															
Local & Simulcast Racing	14.6	89.0	87.5	24.3	29.0	29.1	0	0	0	121.7	44.0	43.7	160.7	162.0	160.3
Sports Betting	20.0	10.0	6.9	2.9	1.0	1.0	2.9	1.0	1.0	0	0	0	25.8	12.0	8.9
Unclaimed Winnings	0	0	0	5.8	3.0	3.0	0	0	0	0	0	0	5.8	3.0	3.0
Bookmakers Permit & Licence Fees	0	0	0	6.9	10.7	0	0	0	0	0	0	0	6.9	10.7	0
Racing Promoter Taxes	18.2	18.0	16.7	9.1	9.1	8.4	0	0	0	41.0	41.0	37.7	68.4	68.2	62.8
<b>Total Betting Payable</b>	<b>52.9</b>	<b>117.0</b>	<b>111.1</b>	<b>49.0</b>	<b>52.8</b>	<b>41.5</b>	<b>2.9</b>	<b>1.0</b>	<b>1.0</b>	<b>162.7</b>	<b>85.0</b>	<b>81.4</b>	<b>267.5</b>	<b>255.8</b>	<b>235.0</b>
<b>Total Betting Collected</b>	<b>34.2</b>	<b>101.0</b>	<b>96.7</b>	<b>40.5</b>	<b>32.0</b>	<b>31.5</b>	<b>1.9</b>	<b>0.8</b>	<b>1.8</b>	<b>151.2</b>	<b>85.0</b>	<b>58.9</b>	<b>227.8</b>	<b>218.8</b>	<b>188.8</b>
<b>Lottery Taxes &amp; Lottery Tax Winning Levy</b>	<b>2444.3</b>	<b>1964.0</b>	<b>1756.0</b>	<b>650.4</b>	<b>572.0</b>	<b>253.0</b>	<b>1318.9</b>	<b>1143.7</b>	<b>1173.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4413.7</b>	<b>3679.7</b>	<b>3182.0</b>
Unclaimed Winnings	0	0	0	154.9	154.0		154.9	154.6	276.0	0	0	0	309.8	308.6	276.0
Lottery Licence Fees	0	0	0	36.8	37.0	27.0	0	0	0	0	0	0	36.8	37.0	27.0
<b>Total Lottery Payable</b>	<b>2444.3</b>	<b>1964.0</b>	<b>1756.0</b>	<b>842.1</b>	<b>763.0</b>	<b>280.0</b>	<b>1473.8</b>	<b>1298.3</b>	<b>1449.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4760.3</b>	<b>4025.3</b>	<b>3485.0</b>
Total Taxes Collected	1974.8	1941.5	1508.0	642.5	571.9	253.0	1312.5	1154.0	1174.0	0	0	0	3929.7	3667.4	2935.0
Lottery Winnings Levy Collected	229.7	237.0	248.3	0	0	0	0	0	0	0	0	0	229.7	237.0	248.3
Unclaimed Winnings Collected	0	0	0	142.3	154.6	181.2	144.0	154.0	181.0	0	0	0	286.3	308.6	362.2
Lottery Games Licence Fees Collected	0	0	0	36.8	37.2	27.0	0	0	0	0	0	0	36.8	37.2	27.0
<b>Total Lottery Collected</b>	<b>2204.4</b>	<b>2178.5</b>	<b>1756.3</b>	<b>821.6</b>	<b>763.6</b>	<b>461.2</b>	<b>1456.5</b>	<b>1308.0</b>	<b>1355.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4482.5</b>	<b>4250.1</b>	<b>3572.5</b>
<b>Gaming Machine Levies &amp; Fees</b>	<b>19.8</b>	<b>19.0</b>	<b>26.0</b>	<b>36.7</b>	<b>35.0</b>	<b>16.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>56.4</b>	<b>54.0</b>	<b>42.0</b>
Levies, Gross Profit Taxes & Good Cause Contributions	229.8	227.0	196.0	88.4	87.0	75.0	35.4	35.0	30.0	0	0	0	353.6	349.0	301.0
<b>Total - Gaming - Payable</b>	<b>249.6</b>	<b>246.0</b>	<b>222.0</b>	<b>125.0</b>	<b>122.0</b>	<b>91.0</b>	<b>35.4</b>	<b>35.0</b>	<b>30.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>410.0</b>	<b>403.0</b>	<b>343.0</b>
<b>Total - Gaming - Collected</b>	<b>232.4</b>	<b>241.0</b>	<b>222.0</b>	<b>18.9</b>	<b>119.0</b>	<b>91.0</b>	<b>35.7</b>	<b>33.0</b>	<b>30.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>387.0</b>	<b>393.0</b>	<b>343.0</b>
<b>Prize Competition Fees</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17.5</b>	<b>14.0</b>	<b>13.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17.5</b>	<b>14.0</b>	<b>13.0</b>
<b>GRAND TOTAL PAYABLE</b>	<b>2746.9</b>	<b>2327.0</b>	<b>2089.1</b>	<b>1033.7</b>	<b>951.8</b>	<b>425.5</b>	<b>1512.0</b>	<b>1334.3</b>	<b>1480.0</b>	<b>162.7</b>	<b>85.0</b>	<b>81.4</b>	<b>5455.4</b>	<b>4698.1</b>	<b>4076.0</b>
<b>GRAND TOTAL COLLECTED</b>	<b>2471.1</b>	<b>2520.5</b>	<b>2075.0</b>	<b>998.5</b>	<b>928.6</b>	<b>596.7</b>	<b>1494.1</b>	<b>1341.8</b>	<b>1386.8</b>	<b>151.2</b>	<b>85.0</b>	<b>58.9</b>	<b>5114.9</b>	<b>4875.9</b>	<b>4117.3</b>

# Gaming Industry Performance Review

## Overview

The gaming industry consists of betting (local and simulcast horseracing, virtual games and sports betting); gaming (slots and locally made machines); lottery games and prize competitions. This report provides data on sales (the total amount wagered); gross gaming revenues/profit (the amount wagered minus the amount returned to players as winnings); and gaming taxes and levies, which is the amount levied and collected by the BGLC from legal gambling. Gross gaming revenues/declared gross profit represent net spending by consumers on legal gambling.

## 2 YEAR SECTOR PERFORMANCE REVIEW

SALES	2014/15	2013/14	% change
<b>BETTING</b>			
<b>Bookmakers</b>			
Local Horseracing	1,774,822,872	1,807,069,518	-1.8%
Simulcast racing	1,069,916,116	1,158,960,611	-7.7%
Sports betting	1,165,051,174	466,245,725	149.9%
	4,009,790,162	3,432,275,854	16.8%
<b>Racing Promoter</b>			
Local Horseracing	2,389,406,402	2,424,520,418	-1%
Simulcast racing	1,968,676,985	1,915,404,646	3%
	4,358,083,387	4,339,925,064	0.4%
<b>LOTTERY</b>	36,134,702,426	31,990,561,080	13%
<b>GAMING</b>			
Gaming Lounges	73,737,842,532	57,217,432,096	29%
Non-gaming lounges	1,434,489,529	744,961,987	93%
	75,172,332,061	57,962,394,083	30%
<b>GRAND TOTAL</b>	<b>119,674,908,036</b>	<b>97,725,156,081</b>	<b>22%</b>



The industry expanded during the year with the introduction of several new gaming products, namely: social space gaming to augment entertainment; a new distribution medium (telephone betting); and expansion of land-based sales outlets (sports betting & lottery sales outlets). Simultaneously, some bookmakers consolidated operations, moving from eight (8) down to four (4). Operators in the market continue to change their business models to facilitate offerings of a combination of betting, gaming and lottery.

Lottery continues to be the largest category, generating \$10.8 billion in gross gaming profit during 2014/15 (65% of the total). Gaming on slot machines, a popular activity in Jamaica—especially in gaming lounges in St. Andrew—ranked second, amounting to \$3.5 billion which represents 22% of the total declared gross profit for the sector. The betting sector generated \$2.17 billion in declared gross profit or 13% of the total.

Sports betting is the fastest growing component of the market and more than doubled between 2013/14 and 2014/15. While sports betting contributed \$286.4 million in 2014/15, local and simulcast horseracing accounted for \$1.885 billion. This represents a reduction of 1% over 2013/14.

#### ACCUMULATED SECTOR PERFORMANCE 2014 / 2015

	Sales	Payout/Prize Liability	Gross Profit	Payout (% of Sales)
<b>BETTING</b>	8,367,873,549	6,195,857,906	2,172,015,644	74%
<b>LOTTERY SECTOR</b>	36,134,702,426	25,323,274,108	10,811,428,318	70%
<b>GAMING SECTOR</b>				
Gaming Lounges	73,737,842,532	70,328,010,966	3,409,831,566	95%
Non-gaming Lounges/ Under 19s	1,434,588,489	1,308,359,059	126,229,430	91%
	75,172,431,021	71,636,370,025	3,536,060,996	95%
<b>GRAND TOTAL</b>	<b>119,675,006,996</b>	<b>103,155,502,039</b>	<b>16,519,504,958</b>	<b>86%</b>

Within the gaming sector, an average of 95% of the monies played in gaming lounges is returned to gamblers as winnings. From that gross profit, gaming lounges must cover their costs, government taxes and contributions. Consequently, gaming lounges need high volumes in order to meet their expenses. For 2014/15, contributions by gaming lounges amounted to 65% of total sales. While the lottery sector provided 30% of sales, the average 70% prize liability for the eleven (11) lottery games resulted in this sector contributing 65% of declared gross profit available for government taxes, levies and contributions.



## Sales

In 2014/15 punters wagered \$119.7 billion, which equates to more than \$60,000 per adult (18 and older)<sup>3</sup>.

- Betting on local and simulcast horseracing declined in 2014/15, reflecting the impact of a shift to sporting events—primarily from sales during the 2014 FIFA World Cup and other sporting events. In 2014, the legislative amendment to the Betting Gaming & Lotteries Act facilitated the opening of sports betting sales outlets which led to a surge in sports betting sales.
- Sports betting is affected by major international events. In 2014, wagering associated with the 2014 FIFA World Cup held June - July 2014 (primary contributor) as well as other seasonal sporting events, primarily NBA, NFL and Winter Olympics, contributed to a 150% increase in sales.
- Sales on lottery games grew by 13% with *Cash Pot* being the top revenue generating lottery product. With the launch of two new lottery games in 2014, revenue was incrementally increased, primarily on the *Money Time* lottery game.
- Slot machine sales increased by 30% between 2014/15 and 2013/14. Growth was fuelled by the rollout of new slot machines/seats and offering of promotions.

Overall, sales/turnover for all types of gaming rose 22% during 2014/15 and the industry continues to contribute to the local economy as well as provide a meeting place for members of local communities to partake in an enjoyable past time.

## Declared Gross Profit

Overall, declared gross profit rose by 9% in 2014/15. Weekly gross revenue earned from lottery increased by 12%, contributing 87% of total revenue earned by the Government of Jamaica (GoJ). The declared gross profit for sports betting was next with an increase of 95% primarily due to the 2014 FIFA World Cup.

For slot machines, the declared gross profit from non-gaming lounges (i.e. gaming establishments with 19 and under gaming machine stations) increased significantly, however gaming lounges continue to contribute 98% of the gross profit for the gaming sector.

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<sup>3</sup> Statistical Institute of Jamaica - 2013 Population By Age & Sex (18 & over) - **1,908,433**

Most of the growth in slot machine declared gross profit in recent years has been due to the proliferation of new machines/seats as older machines are being phased out by some gaming lounges. Given that there is still ample room for the licensing of new machines, we expect continued annual gains once gaming lounges operate at their full capacity.

#### ACCUMULATED DECLARED GROSS PROFIT

	2014/15	2013/14	% change
<b>BETTING</b>			
Bookmakers			
Local Horseracing	632,490,116	598,078,077	5.8%
Simulcast racing	341,005,079	385,046,606	-11.4%
Sports betting	286,367,157	146,719,138	95.2%
	<b>1,259,862,352</b>	<b>1,129,843,821</b>	<b>11.5%</b>
Racing Promoter			
Local Horseracing	257,334,172	238,991,321	8%
Simulcast racing	654,819,120	650,360,348	1%
	<b>912,153,292</b>	<b>889,351,669</b>	<b>2.6%</b>
<b>LOTTERY</b>	<b>10,804,221,174</b>	<b>9,682,514,508</b>	<b>12%</b>
<b>GAMING</b>			
Gaming Lounges	3,409,831,566	3,423,481,124	0%
Non-gaming lounges	126,130,470	66,647,984	89%
	<b>3,535,962,036</b>	<b>3,490,129,108</b>	<b>1%</b>
<b>TOTAL</b>	<b>16,512,198,854</b>	<b>15,191,839,105</b>	<b>9%</b>

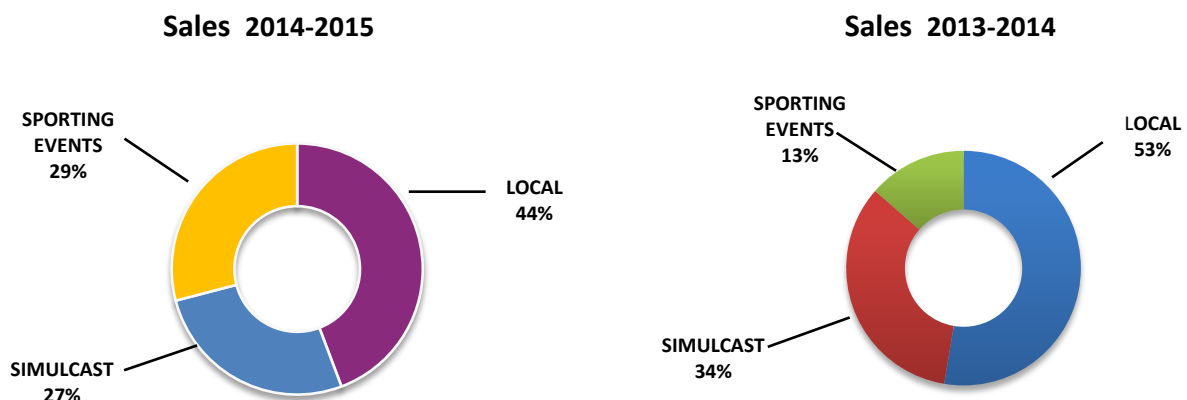
# Betting Sector

Betting includes bookmaking and pari-mutuel wagering on horseracing and other sports events. Sales on wagering totalled \$8.37 billion in 2014/15, generating gross gaming profit of \$2.17 billion with a payout of 74% to punters. This represents a 7.7% increase over the 2013/14 fiscal year.

The Racing Promoter, Caymanas Track Limited (CTL), accounted for 52% of total sales with the remaining 48% coming from bookmakers. Horseracing is the dominant component of the betting market with \$2.17 billion in gross gaming revenues or 78% of the total. Horseracing is controlled by CTL with the dominant bookmaker being Post to Post Betting (which also trades as Champion Betting, Markham Betting and Track Price Plus).

Bookmakers contributed 58% (56% in 2013/14) of the total gross profit available for government levies. One bookmaker, Olympic Data Services Limited, which operates within the Montego Bay Free Zone, is not liable for payment of Gross Profit Tax and contributions and is therefore not included in the betting sector highlights.

Simulcast horseracing declined in 2014/15 while sales in sporting events increased as a result of the 2014 FIFA World Cup and the expansion of sports betting sales outlets, providing increased reach to punters as well as an array of gambling opportunities.



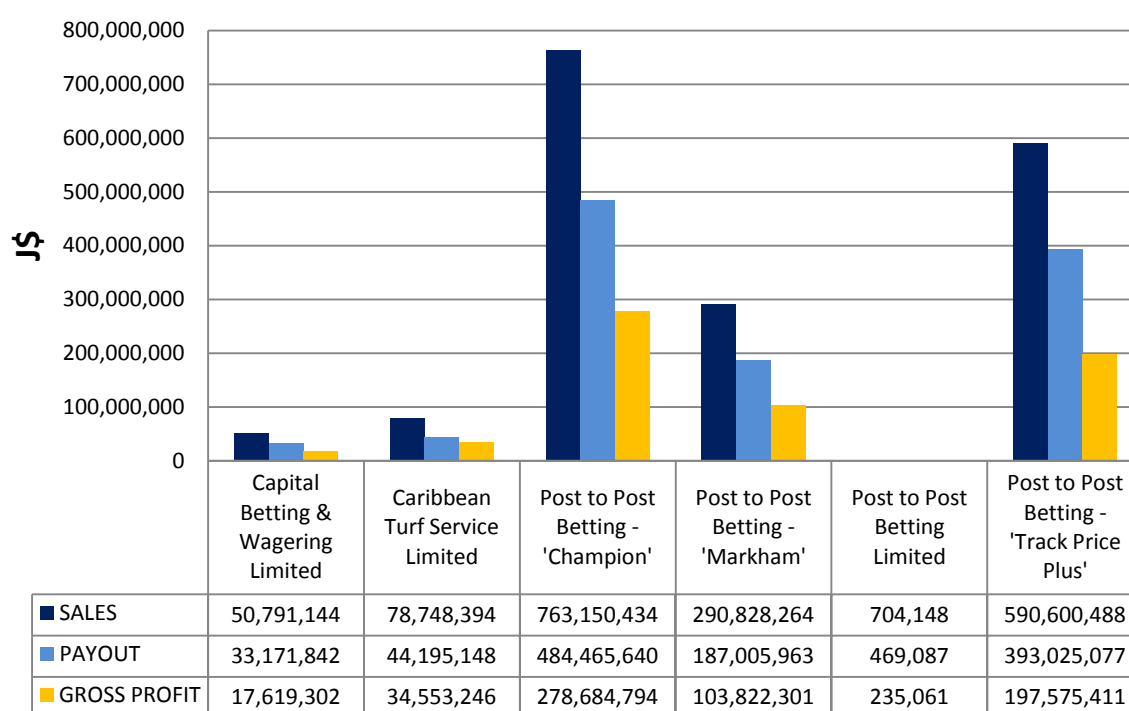
## SUMMARY OF BETTING SECTOR SALES, PAYOUT AND GROSS PROFIT

	BOOKMAKERS			RACING PROMOTER			BETTING SECTOR		
	2014-2015	2013-2014	2012-2013	2014-2015	2013-2014	2012-2013	2014-2015	2013-2014	2012-2013
SALES	4,009,790,163	3,432,275,854	3,147,396,165	4,358,083,387	4,339,925,064	4,162,315,406	8,367,873,550	7,772,200,918	7,309,711,571
PAYOUT	2,749,927,812	2,302,432,033	2,076,828,557	3,445,930,095	3,450,573,395	1,188,682,539	6,195,857,907	5,753,005,428	3,265,511,096
GROSS PROFIT	1,259,862,351	1,129,843,821	1,070,567,608	912,153,292	889,351,669	2,973,632,867	2,172,015,643	2,019,195,490	4,044,200,475

## Performance of Bookmakers

Sales increased by 17% while gross profit recorded a 12% increase year over year. Champion Betting continues to be the top performer followed by Track Price Plus and Prime Sports (Jamaica) Limited. Prime Sports (Jamaica) Limited only offers sports bets through its flagship brand *JustBet*, while the Post to Post Betting Group of companies offers the *Anybet* brand.

### SALES, PAYOUT AND GROSS PROFIT - LOCAL HORSE RACING 2014-2015



Post to Post Betting (Champion) recorded the highest growth in sales and gross profit for 2014-2015 for local and simulcast racing, followed by Post to Post (Track Price Plus). This is primarily due to its larger network of betting offices and betting lounges that offer local and simulcast racing island-wide compared to other bookmakers.

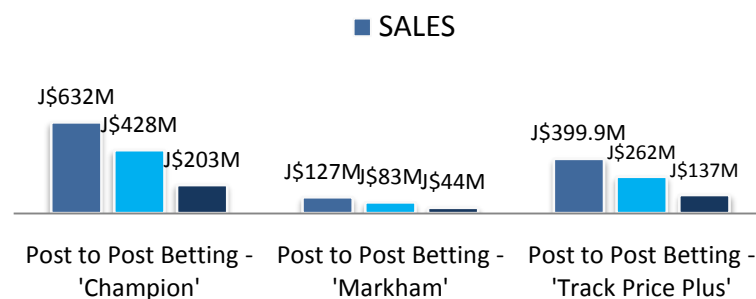
Additionally, approximately twenty (20) of the Post to Post betting locations became Off Track Betting (OTB) franchisees of Caymanas Track Limited (CTL), which further augmented their performance. Capital Betting & Wagering Limited showed a 9% reduction in sales.

## COMPARATIVE SUMMARY OF BOOKMAKERS SALES, PAYOUT & GROSS PROFIT

BOOKMAKERS	2014-2015			2013-2014			% CHANGE		
	SALES	PAYOUT	GROSS PROFIT	SALES	PAYOUT	GROSS PROFIT	SALES	PAYOUT	GROSS PROFIT
Prime Sports	628,417,470	442,560,536	185,856,934	283,804,980	189,775,393	94,029,587	121%	133%	98%
Capital Betting*	50,791,144	33,171,842	17,619,302	56,033,778	36,280,993	19,752,785	-9%	-9%	-11%
Caribbean Turf	78,748,394	44,195,148	34,553,246	91,614,036	61,263,330	30,350,706	-14%	-28%	14%
Champion*	1,697,285,613	1,168,564,491	528,721,122	1,546,158,131	1,039,026,832	507,131,299	10%	12%	4%
Ideal Betting	0	0	0	0	0	0	0	0	0
Markham*	516,604,413	357,123,746	159,480,667	470,109,213	310,432,511	159,676,702	10%	15%	0
Post to Post	749,676	503,714	245,962	788,656	493,133	295,523	-5%	2%	-17%
Summit Betting	0	0	0	73,589	25,126	48,463	-100%	-100%	-100%
Track Price Plus*	1,037,193,453	703,808,335	333,385,118	983,693,471	665,134,715	318,558,756	5%	6%	5%
<b>TOTAL</b>	<b>4,009,790,163</b>	<b>2,749,927,812</b>	<b>1,259,862,351</b>	<b>3,432,275,854</b>	<b>2,302,432,033</b>	<b>1,129,843,821</b>	<b>17%</b>	<b>19%</b>	<b>12%</b>

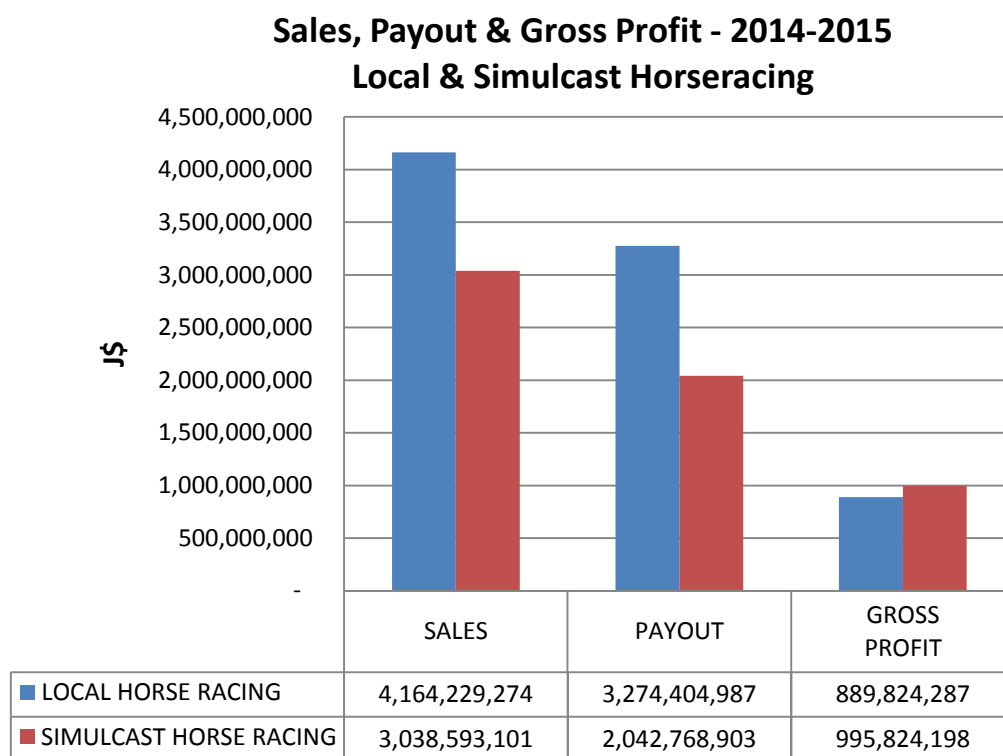
\* Champion, Markham and Track Price Plus were consolidated under Post to Post Betting Ltd. However all companies continue to trade under their respective names.

### Sales, Payout & Gross Profit Simulcast Racing - 2014-2015



### Performance of the Racing Promoter – Caymanas Track Limited

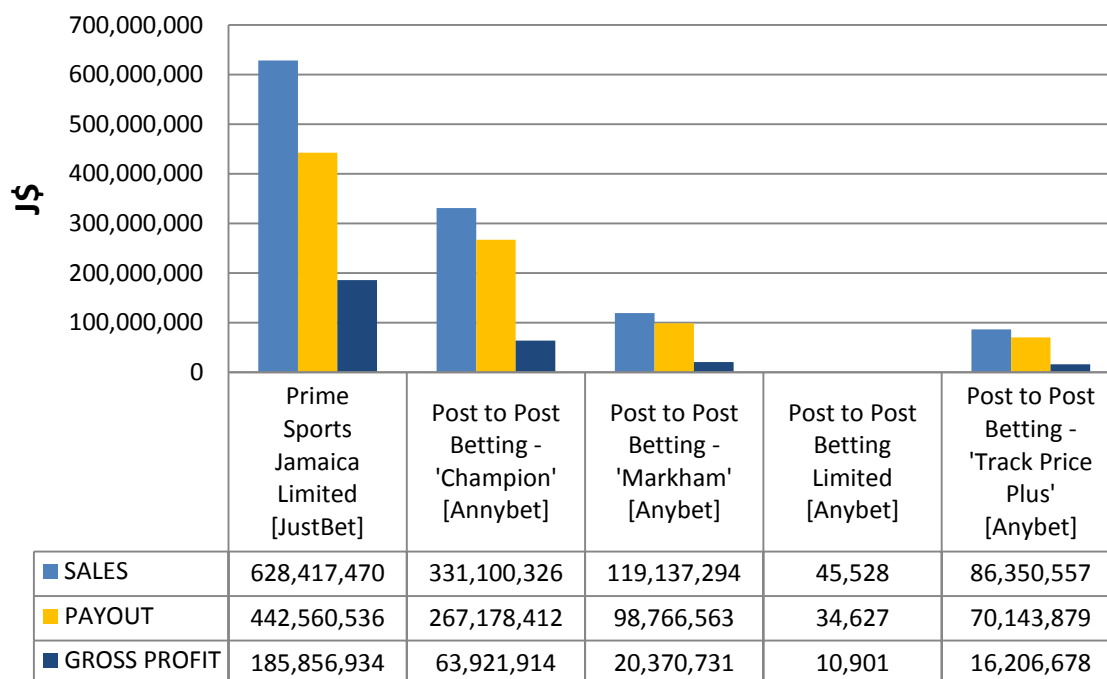
Local horseracing contributed 56% to earnings within the sector while simulcast races contributed 44%. However, despite lower overall sales, simulcast racing accounted for 73% of the total (taxable) gross profit primarily due to lower payout ratios in comparison to local horseracing.



### Sports Betting

The sports betting brand, *JustBet*, dominated the sporting events category, representing 74% of total sales. In 2014, the legislative amendment to the Betting Gaming & Lotteries Act facilitated the opening of sports betting sales outlets which led to a surge in sales by *JustBet*. Over 250 sports betting sales outlets were opened during the year. The 2014 FIFA World Cup contributed to the significant increase in sports betting sales in all locations for both the *JustBet* and *Anybet* brands.

### Sales, Payout & Gross Profit Sporting Events 2014-2015



#### Betting Sector Taxes, Duties and Levies

Overall, government revenue earned from this sector amounted to \$254.8 million of which \$215 million was collected. Local horseracing accounted for 51% of the total amount collected, while simulcast horseracing contributed 43%. On June 4, 2014, Orders were affirmed in the Houses of Parliament which gave rise to changes in the allocation of contributions paid by bookmakers as set out in:

- The Provisional Collection of Tax (Betting, Gaming and Lotteries) (Bookmakers' Levy Scheme) Order, 2014
- The Provisional Collection of Tax (Betting, Gaming and Lotteries) (Bookmakers' Levy Scheme) (Overseas Horse-races and Races of any approved Species of Animal) Order, 2014.



ALLOCATION OF GOVERNMENT REVENUES		
Particulars	Previous Rates	New Rates
Consolidated Fund	9%	1.5%
Betting, Gaming & Lotteries Commission	3%	2.5%
Jamaica Racing Commission (JRC)	4.5%	9.5%
Contribution to Purses paid by Caymanas Track Limited - Through the JRC	-	2.5%
Improvement of Horsebreeds - Through the JRC	-	0.5%
<b>TOTAL</b>	<b>16.5%</b>	<b>16.5%</b>

#### GOVERNMENT REVENUE EARNED FROM BETTING SECTOR

LEVIES	2014/15		2013/14	
	PAYABLE	COLLECTED	PAYABLE	COLLECTED
Consolidated Fund	52,927,195	34,215,746	116,576,838	101,039,143
BGLC	36,322,584	27,790,615	39,854,450	31,739,719
JRC	162,733,797	151,215,812	84,261,440	84,636,384
CHASE	2,863,672	1,866,460	1,467,191	834,761
BGLC - Unclaimed Winnings	5,802,000	5,802,000	3,000,000	3,000,000
BGLC - Permits & Licence Fees	6,899,000	6,899,000	11,000,000	11,000,000
<b>TOTAL</b>	<b>267,548,248</b>	<b>227,789,633</b>	<b>256,159,918</b>	<b>232,250,007</b>

## BETTING SECTOR TAXES, DUTIES & LEVIES

### BOOKMAKERS - 2014/15

	LOCAL RACING		SIMULCAST		SPORTING EVENTS		TOTAL	
	Payable	Paid	Payable	Paid	Payable	Paid	Payable	Paid
Consolidated Fund	9,523,352	9,314,528	5,115,076	5,060,658	20,045,701	19,840,560	34,684,129	34,215,746
BGLC	15,812,253	15,464,423	8,525,127	8,434,429	2,863,672	1,866,460	27,201,051	25,765,312
JRC	79,061,264	77,320,193	42,625,635	42,172,149	-	-	121,686,899	119,492,342
CHASE	-	-	-	-	2,863,672	1,866,460	2,863,672	1,866,460
<b>TOTAL</b>	<b>104,396,869</b>	<b>102,099,144</b>	<b>56,265,838</b>	<b>55,667,236</b>	<b>25,773,044</b>	<b>23,573,480</b>	<b>186,435,751</b>	<b>181,339,860</b>

### RACING PROMOTER - 2014/15

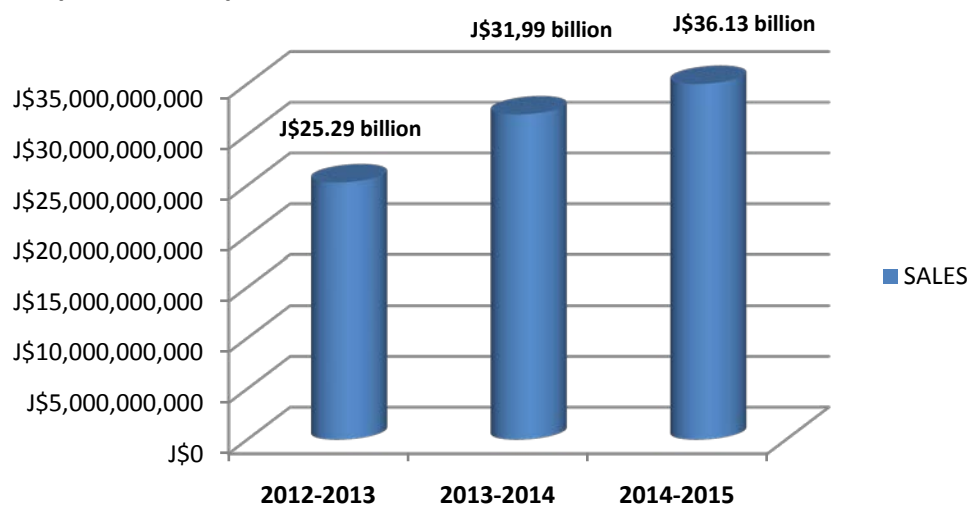
	LOCAL RACING		SIMULCAST		SPORTING EVENTS		TOTAL	
	Payable	Paid	Payable	Paid	Payable	Paid	Payable	Paid
Consolidated Fund	5,146,683	-	13,096,382	-	-	-	18,243,066	0
BGLC	2,573,342	470,676	6,548,191	1,554,627	-	-	9,121,533	2,025,303
JRC	11,580,038	8,342,216	29,466,860	23,381,254	-	-	41,046,898	31,723,470
	<b>19,300,063</b>	<b>8,812,892</b>	<b>49,111,434</b>	<b>24,935,881</b>	<b>-</b>	<b>-</b>	<b>68,411,497</b>	<b>33,748,773</b>
<b>BETTING SECTOR TOTAL</b>	<b>123,696,932</b>	<b>110,912,036</b>	<b>105,377,272</b>	<b>80,603,117</b>	<b>25,773,044</b>	<b>23,573,480</b>	<b>254,847,248</b>	<b>215,088,633</b>

# Lottery Sector

Government revenue from the lottery sector was generated by Prime Sports Jamaica Limited (Supreme Ventures). Total sales generated amounted to J\$36.13 billion (a 13% increase over 2013/2014), contributing J\$4.68 billion in revenue to the GoJ. Sales were augmented by the following:

- Introduction of 'Early Bird Draw' on May 24, 2014, increasing the number of daily lottery draws available to five (5).
- Introduction of two (2) new lottery games: *Top Draw* and *Money Time* in June and October 2014 respectively. *Money Time* was the first social space gaming product offered to Jamaica and has generated sales of J\$2.3 billion, ranking second behind the *Cash Pot* lottery game.

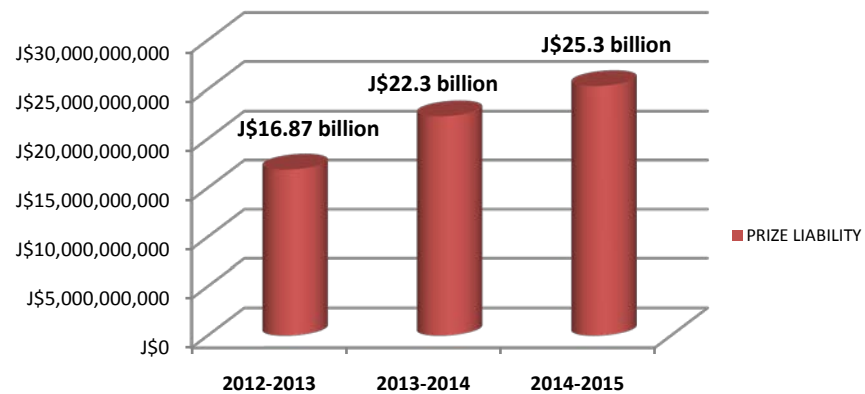
**Trend in Lottery Sales  
FY 2012/13 - FY2014/15**



Total prize liability was J\$25.3 billion (or 70% of sales), an increase of 14% over 2013/14. This was directly attributed to the popular lottery games performing above their game design as well as jackpot payouts on the *Super Lotto* game. Weekly gross revenue increased by 12% when compared to the previous year, primarily due to substantial growth in lottery revenues.

The *Cash Pot* game recorded the largest payout of J\$19.5 billion, followed by *Money Time* with J\$1.6 billion and *Pick 3* with J\$1.15 billion. The lowest payout was recorded for instant games.

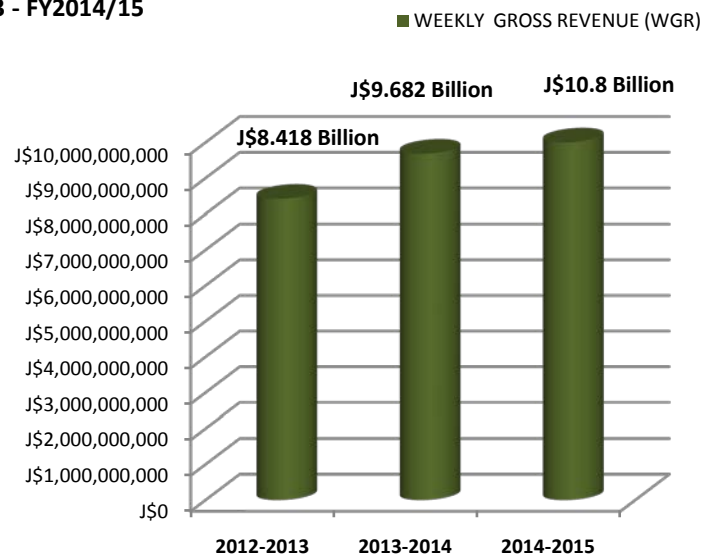
**Trend in Prize Liability**  
**FY 2012/2013 - 2014/2015**



### Lottery Weekly Gross Revenue

Weekly gross revenue for *Cash Pot* was negatively impacted with the game recording high prize liability of 74% which was above its 72% game design. *Pick 2*, *Pick 3* and *Money Time* also recorded prize liabilities above their game design.

**Trend in Weekly Gross Revenue (WGR)**  
**FY 2012/13 - FY2014/15**

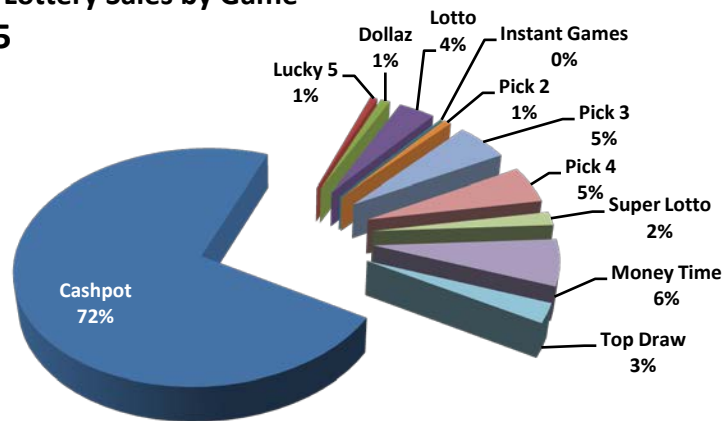


### Lottery Game Sales

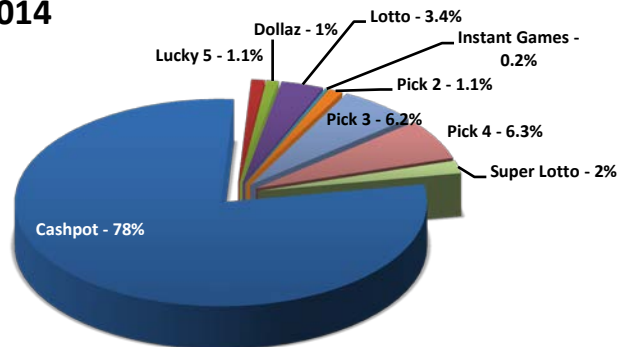
The *Cash Pot* lottery game continues to be the market leader, contributing 72% of total sales followed by *Money Time* (6%), *Pick 3* and *Pick 4* (5% each), *Lotto* (4%), *Top Draw* (3%) and *Super Lotto* (2%). All other games recorded sales of 1% or less.

There was a slight reduction in *Cash Pot* sales from 78% in 2013/14 to 72% in 2014/15, following the introduction of *Money Time*. The *Pick 3* and *Pick 4* games also lost market share by 1%. However, *Lotto* gained market share by 0.6%. This resulted from changes to that game in 2014 with the inclusion of two (2) additional numbers, resulting in a new matrix of 1-39. Additionally, there was a change in the price of tickets as well as an increase in the starting jackpot, providing players with opportunities to benefit from increased payouts from lower tiered prizes.

**Share of Lottery Sales by Game  
2014-15**



**Share of Lottery Sales by Game  
2013-2014**



## Government Levy and Lottery Tax

Lottery taxes for the year amounted to \$2.216 billion, an increase of 13% over the previous year; however lottery winnings levy totals decreased by 3.1%.

GOVERNMENT LEVY & LOTTERY TAX					
GAMES	Lottery Tax Rates (%)	2014 - 2015		2013 - 2014	
		PAYABLE	PAID	PAYABLE	PAID
Cashpot	20%	1,316,366,248	1,317,114,388	1,292,410,828	1,268,275,389
Lucky 5	20%	27,309,339	27,546,025	36,784,635	36,538,530
Pick 2	20%	22,772,774	22,785,640	29,508,777	29,535,499
Pick 3	20%	153,692,256	152,454,996	161,272,794	160,326,448
Pick 4	20%	172,722,382	173,746,498	195,463,888	198,991,184
Instant Games	20%	3,773,916	3,893,920	5,456,582	5,430,184
Super Lotto	25%	84,832,756	84,851,259	79,734,303	79,195,938
Dollaz	25%	35,204,032	35,730,616	35,533,108	34,846,230
Lotto	25%	158,696,406	156,630,994	128,573,527	128,432,671
Money Time	20%	145,569,192	138,647,012		
Top Draw	20%	95,651,572	91,187,095		
Sub-total		2,216,590,874	1,974,754,336	1,964,738,441	1,941,572,073
Lottery Winnings Levy (on winnings over \$15,000)		227,745,067	229,670,111	236,971,263	236,971,263
TOTAL		2,444,335,941	2,204,424,447	2,201,709,704	2,178,543,336

## Contributions to Good Causes

Contributions from all games amounted to \$1.473 billion, an increase of 13% compared to the previous year.

CONTRIBUTIONS TO GOOD CAUSES CHASE									
2014-2015					2013-2014				
GAMES	PAYABLE			COLLECTED	GAMES	PAYABLE			COLLECTED
	Contribution from Sales	From Unclaimed Prizes	TOTAL			Contribution from Sales	From Unclaimed Prizes	TOTAL	
	Cash Pot	953,750,120	57,701,155	1,011,451,275		953,055,733	Cash Pot	897,205,048	38,953,200
Lucky 5	9,218,965	4,770,176	13,989,140	9,304,093	Lucky 5	12,406,278	3,647,809	16,054,087	13,070,876
Pick 2	10,558,675	7,612,630	18,171,305	10,622,246	Pick 2	14,626,396	7,318,505	21,944,901	13,261,377
Pick 3	70,155,127	13,646,090	83,801,217	70,186,531	Pick 3	70,535,831	11,014,627	81,550,458	71,024,668
Pick 4	67,108,431	19,394,800	86,503,231	66,963,374	Pick 4	73,221,350	18,768,488	91,989,838	73,735,109
Instant Games	1,476,389	-	1,476,389	1,529,865	Instant Games	2,287,036	-	2,287,036	2,470,497
Super Lotto	24,771,165	11,601,550	36,372,715	24,776,566	Super Lotto	23,104,752	49,293,327	72,398,079	24,549,484
Dollaz	12,361,831	8,835,363	21,197,193	12,433,415	Dollaz	10,555,699	4,508,651	15,064,350	11,004,959
Lotto	48,270,157	11,355,818	59,625,974	47,641,928	Lotto	39,746,062	21,125,066	60,871,128	41,684,273
Money Time	85,241,841	5,446,025	90,687,866	81,206,160					
Top Draw	35,997,145	14,530,401	50,527,546	34,795,775					
	1,318,909,845	154,894,006	1,473,803,851	1,312,515,686		1,143,688,452	154,629,672	1,298,318,124	1,152,946,624
			Unclaimed prizes	144,013,735				Unclaimed prizes	154,629,672
			GRAND TOTAL	1,456,529,421				GRAND TOTAL	1,307,576,296

### Lottery Game Fees Payable to BGLC

Year over year, total fees payable to the BGLC increased by 11%. Contributions from sales increased by 14% due primarily to the introduction of two (2) new lottery games: *Top Draw* and *Money Time*. There was a marginal increase of 0.1% from unclaimed prizes.

GAMES	BGLC FEES								
	2014-2015				2013-2014				
				COLLECTED				COLLECTED	
	Contribution from Sales	From Unclaimed Prizes	TOTAL		Contribution from Sales	From Unclaimed Prizes	TOTAL		
Cashpot	470,342,525	57,701,155	528,043,680	468,982,272	449,160,505	38,953,200	488,113,705	449,160,505	
Lucky 5	4,546,339	4,770,176	9,316,514	4,679,084	6,228,263	3,647,809	9,876,072	6,228,263	
Pick 2	5,207,018	7,612,630	12,819,648	5,337,138	6,611,816	7,318,505	13,930,321	6,611,816	
Pick 3	34,597,049	13,646,090	48,243,139	34,691,216	35,369,253	11,014,627	46,383,879	35,369,253	
Pick 4	33,094,569	19,394,800	52,489,369	33,076,206	36,745,929	18,768,488	55,514,416	36,745,929	
Instant Games	728,082	-	728,082	790,794	1,192,437	-	1,192,437	1,192,437	
Super Lotto	12,215,917	11,601,550	23,817,467	12,377,305	11,668,243	49,293,327	60,961,570	11,668,243	
Dollaz	6,096,245	8,835,363	14,931,608	6,199,901	5,280,885	4,508,651	9,789,536	5,280,885	
Lotto	23,804,461	11,355,818	35,160,278	22,716,749	19,631,861	21,125,066	40,756,927	19,631,861	
Money Time	42,037,072	5,446,025	47,483,097	37,038,238					
Top Draw	17,752,017	14,530,401	32,282,418	16,588,218					
TOTAL	650,421,294	154,894,006	805,315,300	642,477,121	571,889,190	154,629,672	726,518,862	571,889,192	
Unclaimed Prizes				142,314,022	Unclaimed Prizes				154,629,672
Licence Fees				36,800,000	Licence Fees				37,154,962
GRAND TOTAL				821,591,143	GRAND TOTAL				763,673,826

# Gaming Sector

## Gaming Lounges & Non-Gaming Lounges

Gaming lounges and non-gaming lounges generated \$75 billion in sales/turnover, representing a 30% increase over 2013/14, with a declared gross profit of \$3.5 billion<sup>4</sup>. Total revenue earned by the GoJ amounted to \$353.5 million, up by 1.3%.

Sales totalling \$73.738 billion was generated by sixteen (16) gaming lounges (combined 35 locations) with declared gross profit of \$3.410 billion. Meanwhile, sales of \$1.434 billion was generated by forty (40) non-gaming lounges (19 and under) with declared gross profit of \$126.1 million. Average payout by gaming lounges was 95.4%, up by 1.4%, while the average payout by non-gaming lounges remained at 91%, showing no movement over the previous review period.

## Declared Gross Profit & Government Revenue by Parish

Everglades Farm Limited contributed the highest declared gross profit followed by Rory Chinn locations, Prime Sports (Jamaica) Limited, Yahman Technologies, Beljam Technologies (closed) and SMWS Games Limited.

Although sales recorded by Yahman Technologies and Beljam Technologies Limited were greater than Prime Sports (Jamaica) Limited, the payout of 97% by these two gaming establishments resulted in their share of the contribution to the GoJ ranking fourth and fifth respectively behind Prime Sports (Jamaica) Limited (*See table: Performance of Gaming Lounges - page 43*). Government revenue totalling \$353.6 million was earned primarily in the parish of St. Andrew (62.5%), followed by St. James (24.6%) and St. Ann (7.4%).

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<sup>4</sup> Revenue from gaming machines/seats is based on slot machine soft meter readings. Slot machines imported in Jamaica which are certified by an international gaming laboratory are monitored monthly for such readings in gaming lounges and non-gaming lounges (19 and under).



**GROSS PROFIT TAX REVENUE FROM GAMING MACHINE SEATS - 2014 / 2015**

	<b>Gaming Lounges</b>	<b>19 and Under Gaming Lounges</b>	<b>TOTAL</b>
	<b>(# of Machines - 2,509)</b>	<b>(# of Machines – 359)</b>	
<b>SALES</b>	73,737,842,532	1,434,558,489	<b>75,172,401,021</b>
<b>PAYOUTS</b>	70,328,010,966	1,308,415,869	<b>71,636,426,836</b>
<b>GROSS PROFIT</b>	<b>3,409,831,566</b>	<b>126,142,619</b>	<b>3,535,974,185</b>

**GROSS PROFIT TAX REVENUE FROM GAMING MACHINE SEATS - 2013 / 2014**

	<b>Gaming Lounges</b>	<b>19 and Under Gaming Lounges</b>	<b>TOTAL</b>
	<b>(# of Machines – 2,044)</b>	<b>(# of Machines – 466)</b>	
<b>SALES</b>	57,217,432,096	744,961,987	57,962,394,083
<b>PAYOUT</b>	53,793,950,972	678,314,003	54,472,264,976
<b>GROSS PROFIT</b>	<b>3,423,481,124</b>	<b>66,647,984</b>	<b>3,490,129,107</b>

## SUMMARY OF REVENUE BY PARISH - 2014 / 2015

		GAMING LOUNGES				NON GAMING LOUNGES (19 and Under)				GRAND TOTAL			
RANK	PARISH	Gaming Machines/ Seats	Declared Gross Profit	Total Govt Revenue	% Share of Total	Gaming Machines/ Seats	Declared Gross Profit	Total Govt Revenue	% Share of Total	Gaming Machines/ Seats	Declared Gross Profit	Total Govt Revenue	% Share of Total
1	St. Andrew	1134	2,186,608,587	218,660,859	64.1%	55	22,670,076	2,267,008	18.0%	1189	2,209,278,663	220,927,866	62.5%
2	St. James	561	839,515,696	83,951,570	24.6%	58	30,078,373	3,007,837	23.8%	619	869,594,069	86,959,407	24.6%
3	St. Ann	497	262,986,639	26,298,664	7.7%	-	-	-	-	497	262,986,639	26,298,664	7.4%
4	Hanover	110	59,799,186	5,979,919	1.8%	74	28,020,854	2,802,085	22.2%	184	87,820,040	8,782,004	2.5%
5	St Catherine	161	37,115,421	3,711,542	1.1%	11	1,539,190	153,919	1.2%	172	38,654,611	3,865,461	1.1%
6	Westmoreland	27	15,592,778	1,559,278	0.5%	67	27,866,464	2,786,646	22.1%	94	43,459,242	4,345,924	1.2%
7	Clarendon	19	8,213,259	821,326	0.2%	-	-	-	-	19	8,213,259	821,326	0.2%
8	St. Mary	-	-	-	-	34	7,232,468	723,247	5.7%	34	7,232,468	723,247	0.2%
9	Manchester	-	-	-	-	31	5,827,303	582,730	4.6%	31	5,827,303	582,730	0.2%
10	Trelawny	-	-	-	-	8	585,007	58,501	0.5%	8	585,007	58,501	0.02%
11	Portland	-	-	-	-	5	1,254,050	125,405	1.0%	5	1,254,050	125,405	0.04%
12	Kingston	-	-	-	-	9	1,011,770	101,177	0.8%	9	1,011,770	101,177	0.03%
13	St. Thomas	-	-	-	-	7	57,065	5,706	0.05%	7	57,065	5,706	0.00%
14	St Elizabeth	-	-	-	-	-	-	-	-	-	-	-	-
		2509	3,409,831,566	340,983,157	100%	359	126,142,619	12,614,262	100	2,868	3,535,974,185	353,597,419	100%

## SUMMARY OF GROSS PROFIT TAX – 2014 / 2015

	CONSOL FUND		BGLC		CHASE		TOTAL	
	Payable	Collected	Payable	Collected	Payable	Collected	Payable	Collected
	6.5%		2.5%		1%			
Gaming Lounges	221,639,052	203,457,052	85,245,789	78,506,899	34,098,316	34,396,692	340,983,157	316,360,643
19 & Under Machine Operators	8,199,270	9,184,647	3,153,565	3,714,188	1,261,426	1,341,856	12,614,262	14,240,691
<b>TOTAL</b>	<b>229,838,322</b>	<b>212,641,699</b>	<b>88,399,355</b>	<b>82,221,087</b>	<b>35,359,742</b>	<b>35,738,548</b>	<b>353,597,419</b>	<b>330,601,334</b>
Gaming Machine Levies & Fees	19,779,000	19,779,000	36,650,000	36,650,000	-	-	56,429,000	56,429,000
<b>GRAND TOTAL</b>	<b>249,617,322</b>	<b>232,420,699</b>	<b>125,049,355</b>	<b>118,871,087</b>	<b>35,359,742</b>	<b>35,738,548</b>	<b>410,026,419</b>	<b>387,030,334</b>

## SUMMARY OF GAMING LOUNGE PERFORMANCE - 2014 / 2015

PERFORMANCE OF GAMING LOUNGES - 2014 / 2015							GROSS PROFIT TAX			
PARISHES	GAMING LOUNGES	# OF SLOT MACHINES	SALES	PAYOUT	DECLARED GROSS PROFIT	PAYOUT AS % OF SALES	CONSOL. FUND	BGLC	CHASE	TOTAL GOVT REVENUE
							6.50%	2.50%	1%	
St. Andrew	EVERGLADES FARM									
	Christelles	48	538,853,724	497,417,672	41,436,051	92%	2,693,343	1,035,901	414,361	4,143,605
St. Andrew	Monte Carlo	218	13,032,942,586	12,244,261,669	788,680,917	94%	51,264,260	19,717,023	7,886,809	78,868,092
St. Andrew	Vegas - Kgn	49	1,127,156,191	1,044,637,750	82,518,441	93%	5,363,699	2,062,961	825,184	8,251,844
St. James	Vegas - Bogue	43	1,477,660,963	1,397,470,741	80,190,222	95%	5,212,364	2,004,756	801,902	8,019,022
	<b>TOTAL</b>	<b>358</b>	<b>16,176,613,464</b>	<b>15,183,787,831</b>	<b>992,825,632</b>	<b>94%</b>	<b>64,533,666</b>	<b>24,820,641</b>	<b>9,928,256</b>	<b>99,282,563</b>
	RORY CHINN									
St. Andrew	Macau Gaming	149	14,664,048,452	14,132,034,283	532,014,169	96%	34,580,921	13,300,354	5,320,142	53,201,417
St. Ann	Premium Landmark	155	3,962,989,369	3,781,903,881	181,085,488	95%	11,770,557	4,527,137	1,810,855	18,108,549
	<b>TOTAL</b>	<b>304</b>	<b>18,627,037,821</b>	<b>17,913,938,164</b>	<b>713,099,657</b>	<b>96%</b>	<b>46,351,478</b>	<b>17,827,491</b>	<b>7,130,997</b>	<b>71,309,966</b>
	PRIME SPORTS									
St. Andrew	Acropolis Barbican	188	4,955,074,358	4,669,308,675	285,765,683	94%	18,574,769	7,144,142	2,857,657	28,576,568
St. Andrew	Acropolis Cross Roads	43	405,774,827	381,885,297	23,889,531	94%	1,552,819	597,238	238,895	2,388,953
St. Andrew	Odyssey (closed)	152	996,646,162	940,896,722	55,749,439	94%	3,623,714	1,393,736	557,494	5,574,944
St. Catherine	The Castle (closed)	55	320,289,895	300,922,977	19,366,918	94%	1,258,850	484,173	193,669	1,936,692
Clarendon	Acropolis May Pen	19	94,735,663	86,522,404	8,213,259	91%	533,862	205,331	82,133	821,326
	<b>TOTAL</b>	<b>457</b>	<b>6,772,520,905</b>	<b>6,379,536,075</b>	<b>392,984,831</b>	<b>94%</b>	<b>25,544,014</b>	<b>9,824,621</b>	<b>3,929,848</b>	<b>39,298,483</b>
	YAHMAN TECHNOLOGY									
St. James	Treasure Hunt - Whitter Village	161	10,996,078,733	10,643,717,194	352,361,539	97%	22,903,500	8,809,038	3,523,615	35,236,154
	<b>TOTAL</b>	<b>161</b>	<b>10,996,078,733</b>	<b>10,643,717,194</b>	<b>352,361,539</b>	<b>97%</b>	<b>22,903,500</b>	<b>8,809,038</b>	<b>3,523,615</b>	<b>35,236,154</b>
	BELJAM TECHNOLOGIES									
St. Andrew	Treasure Hunt - Kgn (acquired by Liganuea Lane Pharmacy)	130	8,754,134,031	8,470,191,383	283,942,648	97%	18,456,272	7,098,566	2,839,426	28,394,265
St. Ann	Treasure Hunt - Ocho Rios (acquired by Premium Landmarks - effective June 1, 2014)	145	1,220,784,789	1,179,570,804	41,213,985	97%	2,678,909	1,030,350	412,140	4,121,398
	<b>TOTAL</b>	<b>275</b>	<b>9,974,918,820</b>	<b>9,649,762,188</b>	<b>325,156,632</b>	<b>97%</b>	<b>21,135,181</b>	<b>8,128,916</b>	<b>3,251,566</b>	<b>32,515,663</b>
	SMWS GAMES LIMITED									
St. James	Mosino	205	5,671,632,217	5,428,234,672	243,397,545	96%	15,820,840	6,084,939	2,433,975	24,339,754
	<b>TOTAL</b>	<b>205</b>	<b>5,671,632,217</b>	<b>5,428,234,672</b>	<b>243,397,545</b>	<b>96%</b>	<b>15,820,840</b>	<b>6,084,939</b>	<b>2,433,975</b>	<b>24,339,754</b>
	WORLDWIDE CONCEPTS									
St. Ann	Bahia Principe	14	119,952,060	110,449,325	9,502,735	92%	617,678	237,568	95,027	950,273
St. Ann	Riu Ocho Rios	39	156,022,720	136,848,424	19,174,297	88%	1,246,329	479,357	191,743	1,917,430
Hanover	Riu Tropical Bay	20	83,120,921	74,463,855	8,657,066	90%	562,709	216,427	86,571	865,707
Hanover	Grand Palladium	41	400,453,608	353,975,375	46,478,233	88%	3,021,085	1,161,956	464,782	4,647,823
St. James	Riu Club - Montego Bay	34	341,907,436	309,803,059	32,104,376	91%	2,086,784	802,609	321,044	3,210,438
St. James	Sunset Beach and Spa	39	341,852,934	308,543,231	33,309,703	90%	2,165,131	832,743	333,097	3,330,970
Westmoreland	Riu Negril	19	114,920,406	101,539,224	13,381,182	88%	869,777	334,530	133,812	1,338,118
	<b>TOTAL</b>	<b>206</b>	<b>1,558,230,084</b>	<b>1,395,622,493</b>	<b>162,607,592</b>	<b>90%</b>	<b>10,569,493</b>	<b>4,065,190</b>	<b>1,626,076</b>	<b>16,260,759</b>

## SUMMARY OF GAMING LOUNGE PERFORMANCE - 2014 / 2015 (Cont'd)

PERFORMANCE OF GAMING LOUNGES - 2014 / 2015							GROSS PROFIT TAX			
PARISHES	GAMING LOUNGES	# OF SLOT MACHINES	SALES	PAYOUT	DECLARED GROSS PROFIT	PAYOUT AS % OF SALES	CONSOL. FUND	BGLC	CHASE	TOTAL GOVT REVENUE
St. James	JAYVEGAS									
	Holiday Inn	19	288,264,906	260,989,157	27,275,750	91%	1,772,924	681,894	272,757	2,727,575
	St. James Iberostar	19	340,986,827	316,515,813	24,471,014	93%	1,590,616	611,775	244,710	2,447,101
	St. James Secrets	19	311,539,361	283,122,582	28,416,779	91%	1,847,091	710,419	284,168	2,841,678
	St. James Sunset Jamaica Grande	22	204,996,163	187,007,395	17,988,768	91%	1,169,270	449,719	179,888	1,798,877
	<b>TOTAL</b>	<b>79</b>	<b>1,145,787,257</b>	<b>1,047,634,946</b>	<b>98,152,310</b>	<b>91%</b>	<b>6,379,900</b>	<b>2,453,808</b>	<b>981,523</b>	<b>9,815,231</b>
St Catherine	SIZZLING SLOTS									
	Old Harbour (closed)	57	26,023,286	25,319,466	703,820	97%	45,748	17,596	7,038	70,382
	St. Andrew The Vault (closed)	144	2,320,284,644	2,228,693,856	91,590,787	96%	5,953,401	2,289,770	915,908	9,159,079
	<b>TOTAL</b>	<b>201</b>	<b>2,346,307,930</b>	<b>2,254,013,323</b>	<b>92,294,607</b>	<b>96%</b>	<b>5,999,149</b>	<b>2,307,365</b>	<b>922,946</b>	<b>9,229,461</b>
St. Catherine	RAJMAVILLE	49	172,681,897	155,637,214	17,044,683	90%	1,107,904	426,117	170,447	1,704,468
	<b>TOTAL</b>	<b>49</b>	<b>172,681,897</b>	<b>155,637,214</b>	<b>17,044,683</b>	<b>90%</b>	<b>1,107,904</b>	<b>426,117</b>	<b>170,447</b>	<b>1,704,468</b>
St. Ann	CLUB JAMAICA	135	205,062,311	193,289,125	11,773,186	94%	765,257	294,330	117,732	1,177,319
	<b>TOTAL</b>	<b>135</b>	<b>205,062,311</b>	<b>193,289,125</b>	<b>11,773,186</b>	<b>94%</b>	<b>765,257</b>	<b>294,330</b>	<b>117,732</b>	<b>1,177,319</b>
Hanover	COUPLES SWEPT AWAY	26	40,665,014	37,752,956	2,912,058	93%	189,284	72,801	29,121	291,206
	<b>TOTAL</b>	<b>26</b>	<b>40,665,014</b>	<b>37,752,956</b>	<b>2,912,058</b>	<b>93%</b>	<b>189,284</b>	<b>72,801</b>	<b>29,121</b>	<b>291,206</b>
Westmoreland	Couples Negril	8	28,448,495	26,236,899	2,211,595	92%	143,754	55,290	22,116	221,160
	<b>TOTAL</b>	<b>8</b>	<b>28,448,495</b>	<b>26,236,899</b>	<b>2,211,595</b>	<b>92%</b>	<b>143,754</b>	<b>55,290</b>	<b>22,116</b>	<b>221,160</b>
Hanover	VILLAGE RESORTS									
	Hedonism 11	23	15,814,856	14,063,026	1,751,829	89%	113,869	43,796	17,518	175,183
	<b>TOTAL</b>	<b>23</b>	<b>15,814,856</b>	<b>14,063,026</b>	<b>1,751,829</b>	<b>89%</b>	<b>113,869</b>	<b>43,796</b>	<b>17,518</b>	<b>175,183</b>
St. Andrew	EL RANCHO	13	4,623,740	3,602,820	1,020,920	78%	66,360	25,523	10,209	102,092
	<b>TOTAL</b>	<b>13</b>	<b>4,623,740</b>	<b>3,602,820</b>	<b>1,020,920</b>	<b>78%</b>	<b>66,360</b>	<b>25,523</b>	<b>10,209</b>	<b>102,092</b>
St. Ann	ROOMS ON THE BEACH	9	1,418,989	1,182,040	236,949	83%	15,402	5,924	2,369	23,695
	<b>TOTAL</b>	<b>9</b>	<b>1,418,989</b>	<b>1,182,040</b>	<b>236,949</b>	<b>83%</b>	<b>15,402</b>	<b>5,924</b>	<b>2,369</b>	<b>23,695</b>
	<b>GRAND TOTAL</b>	<b>2,509</b>	<b>73,737,842,532</b>	<b>70,328,010,966</b>	<b>3,409,831,566</b>	<b>95%</b>	<b>221,639,052</b>	<b>85,245,789</b>	<b>34,098,316</b>	<b>340,983,157</b>

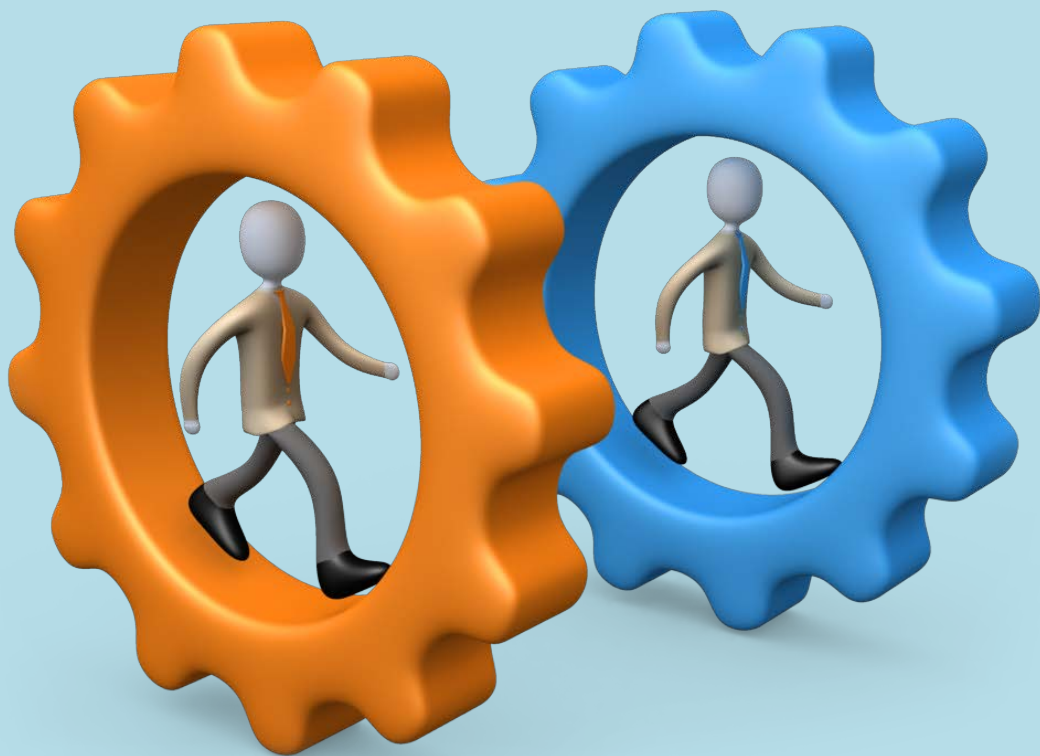
## SUMMARY OF 19 & UNDER PERFORMANCE - 2014 / 2015

PERFORMANCE OF UNDER 19s - 2014 / 2015							GROSS PROFIT TAX			
PARISHES	GAMING LOUNGES	# OF SLOT MACHINES	SALES	PAYOUT	DECLARED GROSS PROFIT	PAYOUT AS % OF SALES	CONSOL. FUND	BGLC	CHASE	TOTAL GOVT REVENUE
							6.50%	2.50%	1%	
Manchester	Butterfly Lounge - Sinclair	4	8,927,880	7,728,540	1,199,340	87%	77,957	29,984	11,993	119,934
	Butterfly Lounge - Green	3	14,298,170	12,632,870	1,665,300	88%	108,245	41,633	16,653	166,530
	Wild Cherry	5	449,040	395,190	53,850	88%	3,500	1,346	539	5,385
	Simmo's Bar	5	847,045	742,275	104,770	88%	6,810	2,619	1,048	10,477
	Street Image	14	33,515,755	30,711,713	2,804,043	92%	182,263	70,101	28,040	280,404
	<b>TOTAL</b>	<b>31</b>	<b>58,037,890</b>	<b>52,210,588</b>	<b>5,827,303</b>	<b>90%</b>	<b>378,775</b>	<b>145,683</b>	<b>58,273</b>	<b>582,730</b>
St. Andrew	Lotto Super Store	19	148,215,380	132,628,260	15,587,120	89%	1,013,163	389,678	155,871	1,558,712
	Chaser's C afe	15	367	291	76	79%	5	2	1	8
	Guinness Basement Pub	7	15,331,600	13,756,310	1,575,290	90%	102,394	39,382	15,753	157,529
	Uptown Pub	14	53,194,150	47,686,560	5,507,590	90%	357,993	137,690	55,076	550,759
	<b>TOTAL</b>	<b>55</b>	<b>216,741,497</b>	<b>194,071,421</b>	<b>22,670,076</b>	<b>90%</b>	<b>1,473,555</b>	<b>566,752</b>	<b>226,701</b>	<b>2,267,008</b>
Hanover	Devon's Place (Big Man Corner)	5	625,720	496,730	128,990	79%	8,384	3,225	1,290	12,899
	Lava Gaming Lounge	14	57,915,520	52,701,920	5,213,600	91%	338,884	130,340	52,136	521,360
	Lucky 8 Games Room	16	147,024,210	131,557,814	15,466,396	89%	1,005,316	386,660	154,664	1,546,640
	Lucky 7 Games Room	5	1,117,030	880,780	236,250	79%	15,356	5,906	2,363	23,625
	Red Boar Gaming	3	5,630,960	5,272,820	358,140	94%	23,279	8,954	3,581	35,814
	Shauna's Pub	13	28,413,860	24,198,282	4,215,578	85%	274,013	105,389	42,156	421,558
	Tits Bar	5	2,362,500	2,048,330	314,170	87%	20,421	7,854	3,142	31,417
	Evan's Bar	5	12,145,330	10,730,390	1,414,940	88%	91,971	35,374	14,149	141,494
	Upper Deck Games Hall	5	5,732,710	5,135,390	597,320	90%	38,826	14,933	5,973	59,732
	Celebrities Clothes Bar	3	559,300	483,830	75,470	87%	4,906	1,887	755	7,547
	<b>TOTAL</b>	<b>74</b>	<b>261,527,140</b>	<b>233,506,286</b>	<b>28,020,854</b>	<b>89%</b>	<b>1,821,356</b>	<b>700,521</b>	<b>280,209</b>	<b>2,802,085</b>
Trelawny	D-Nest	3	2,366,919	1,975,708	391,211	83%	25,429	9,780	3,912	39,121
	Club Passion	5	1,959,883	1,766,087	193,796	90%	12,597	4,845	1,938	19,380
	<b>TOTAL</b>	<b>8</b>	<b>4,326,802</b>	<b>3,741,795</b>	<b>585,007</b>	<b>86%</b>	<b>38,025</b>	<b>14,625</b>	<b>5,850</b>	<b>58,501</b>

## SUMMARY OF 19 & UNDER PERFORMANCE - 2014 / 2015 (Cont'd)

PERFORMANCE OF UNDER 19s - 2014 / 2015							GROSS PROFIT TAX			
PARISHES	GAMING LOUNGES	# OF SLOT MACHINES	SALES	PAYOUT	DECLARED GROSS PROFIT	PAYOUT AS % OF SALES	CONSOL. FUND	BGLC	CHASE	TOTAL GOVT REVENUE
							6.50%	2.50%	1%	
Westmoreland	E.W. Fisheries	5	9,831,700	9,093,250	738,450	92%	47,999	18,461	7,385	73,845
	Krazy 8	19	101,181,420	95,356,365	5,825,055	94%	378,629	145,626	58,251	582,506
	P & M Supreme	8	123,051,280	117,324,670	5,726,610	95%	372,230	143,165	57,266	572,661
	Paradise Gaming	19	142,390,700	130,544,060	11,846,640	92%	770,032	296,166	118,466	1,184,664
	Fire I Sports Bar	5	29,031,760	26,269,170	2,762,590	90%	179,568	69,065	27,626	276,259
	Green Tree Restaurant & Bar (King Kong)	3	4,981,290	4,572,980	408,310	92%	26,540	10,208	4,083	40,831
	Joy's Beer Joint	8	3,981,483	3,422,674	558,809	86%	36,323	13,970	5,588	55,881
	<b>TOTAL</b>	<b>67</b>	<b>414,449,633</b>	<b>386,583,169</b>	<b>27,866,464</b>	<b>93%</b>	<b>1,811,320</b>	<b>696,662</b>	<b>278,665</b>	<b>2,786,646</b>
St. James	B - Games Bar & Pool	10	120,033,725	109,662,135	10,371,590	91%	674,153	259,290	103,716	1,037,159
	Game Time	19	178,896,930	166,127,080	12,769,850	93%	830,040	319,246	127,699	1,276,985
	Ninfa's Chill Out	2	1,839,755	1,698,475	141,280	92%	9,183	3,532	1,413	14,128
	T.B Games Room	5	23,165,627	19,948,218	3,217,409	86%	209,132	80,435	32,174	321,741
	Little Pub Gaming	17	15,555,240	13,407,996	2,147,244	86%	139,571	53,681	21,472	214,724
	Game Room	5	15,580,021	14,149,021	1,431,000	91%	93,015	35,775	14,310	143,100
	<b>TOTAL</b>	<b>58</b>	<b>355,071,298</b>	<b>324,992,925</b>	<b>30,078,373</b>	<b>92%</b>	<b>1,955,094</b>	<b>751,959</b>	<b>300,784</b>	<b>3,007,837</b>
St. Mary	Golden Nuggette Gaming Lounge	17	59,990,445	55,448,605	4,541,840	92%	295,220	113,546	45,418	454,184
	Purple Rock Gaming	17	33,921,520	31,230,892	2,690,628	92%	174,891	67,266	26,906	269,063
	<b>TOTAL</b>	<b>34</b>	<b>93,911,965</b>	<b>86,679,497</b>	<b>7,232,468</b>	<b>92%</b>	<b>470,110</b>	<b>180,812</b>	<b>72,325</b>	<b>723,247</b>
Portland	Irie Vibes	5	8,331,010	7,076,960	1,254,050	85%	81,513	31,351	12,541	125,405
	<b>TOTAL</b>	<b>5</b>	<b>8,331,010</b>	<b>7,076,960</b>	<b>1,254,050</b>	<b>85%</b>	<b>81,513</b>	<b>31,351</b>	<b>12,541</b>	<b>125,405</b>
Kingston	Turkey's Hang Out	9	9,814,335	8,802,565	1,011,770	90%	65,765	25,294	10,118	101,177
	<b>TOTAL</b>	<b>9</b>	<b>9,814,335</b>	<b>8,802,565</b>	<b>1,011,770</b>	<b>90%</b>	<b>65,765</b>	<b>25,294</b>	<b>10,118</b>	<b>101,177</b>
St. Catherine	Super Gaming Store	11	11,958,880	10,419,690	1,539,190	87%	100,047	38,480	15,392	153,919
	<b>TOTAL</b>	<b>11</b>	<b>11,958,880</b>	<b>10,419,690</b>	<b>1,539,190</b>	<b>87%</b>	<b>100,047</b>	<b>38,480</b>	<b>15,392</b>	<b>153,919</b>
St. Thomas	Jewels Sports Bar	7	388,039	330,974	57,065	85%	3,709	1,427	571	5,706
	<b>TOTAL</b>	<b>7</b>	<b>388,039</b>	<b>330,974</b>	<b>57,065</b>	<b>85%</b>	<b>3,709</b>	<b>1,427</b>	<b>571</b>	<b>5,706</b>
<b>GRAND TOTAL</b>		<b>359</b>	<b>1,434,558,489</b>	<b>1,308,415,869</b>	<b>126,142,619</b>	<b>91%</b>	<b>8,199,270</b>	<b>3,153,565</b>	<b>1,261,426</b>	<b>12,614,262</b>

# Divisional Reports





# Licensing & Registration

The Licensing & Registration (L & R) Division represents the first point of contact for the Betting Gaming & Lotteries Commission. The primary functions of the Division include:

- Accepting, assessing and determining applications in accordance with the Betting Gaming & Lotteries Act and Regulations;
- Developing and implementing licensing policies consistent with Government of Jamaica objectives;
- Providing recommendations for legislative changes to enhance the mandate of the Commission;
- Liaising with the Compliance & Regulatory, Enforcement and Legal Services Divisions on matters that impact these operational areas; and
- Maintaining international links with gaming regulators globally to enable exchange of information on betting, gaming and lottery trends.

## Major Achievements for 2014/15

The 2014/15 fiscal year was a challenging year for the Division. Nevertheless, a number of significant accomplishments were achieved, including:

- drafting of standards for local gaming machine manufacturers;
- comprehensive review of licensing process;
- commencing the process of a comprehensive review of bookmakers rules; and
- reduction in turnaround time for granting gaming machine licence.

For the first time since the consolidation of the Betting & Gaming Divisions into the L & R Division, a full-time Director and two (2) Senior Officers were appointed. An additional L & R Officer was also employed during the review period, bringing the staff complement to ten (10), which is just one (1) below the required number.

As part of the Commission's ongoing values/cultural alignment effort, The L & R Division was selected to pilot several initiatives and interventions arising from external consultations which commenced in August 2014. This has resulted in noticeable improvements in staff morale and productivity within the

Unit. During the final quarter of the fiscal year, specific objectives and targets were developed in consultation with all team members. This inclusive approach also helped to create an atmosphere of accountability and transparency within the Division.

***Town Hall Meetings*** - For the first time in the Commission's history, we embarked on a number of Town Hall Meetings which provided another opportunity to interact with our stakeholders and hear their concerns. These Town Hall Meetings were held in Westmoreland, Manchester, St. Ann and Kingston & St. Andrew during the review period. The licensing requirements for certain categories of workers was the primary issue which emanated from attendees. Arising from these and other concerns, a number of changes were recommended to the L & R Subcommittee for review and implementation.

***Remote Licensing*** - During the review period, the Commission again executed its remote licensing activity in four (4) parishes. This activity was conceptualised to assist licensees outside of the Kingston Metropolitan Region (KMR) by providing onsite application processing in select towns and parishes. Remote licensing takes place during the month of February each year, ahead of the March 31<sup>st</sup> deadline for renewal of licences.

***Prohibition Notice*** - A new requirement in the form of a Prohibition Notice was developed and communicated to licensees during the review period to help combat illegal gaming by minors (persons under age 18). All licensed premises will be required to display a BGLC-issued prohibition sign reinforcing the Commission's zero-tolerance policy on gambling activities by minors. Prohibition Notices will be issued as part of the licensing and registration process and will become effective in the 2015/16 licensing period.

***Technology*** - The Division's main activities are still primarily manually driven, however members were actively engaged in a number of training exercise in collaboration with the Commission's ICT Division, which will greatly enhance the operational efficiency and effectiveness of the licensing, registration and payment processes. In addition, an online registration and payment portal is currently being spearheaded by the ICT Division. This will enable current and new licensees to transact licensing and registration activities via the Commission's corporate website.

With continued improvement in staff morale and satisfaction, we expect that our service standards will continue to improve as we journey to make the Commission "the premier gaming regulator worldwide."

## Operational Activities

### Gaming Sector

A total of 6,886 gaming machines were licensed during the period under review and this represents a 10% increase over the corresponding period last year. Of this amount, 63% were in the local non-gaming lounge category, while 37% were machines licensed to gaming lounges.

Total fees and levies paid by gaming machine operators during the review period was 2.8% higher than last year at \$55.81 million. Of this amount, \$20.98 million was paid to the Inland Revenue Department while the remaining \$34.83 million was paid directly to the Commission.

Kingston & St. Andrew accounted for 36% of gaming machines licensed island wide, while Trelawny accounted for just over 1%.

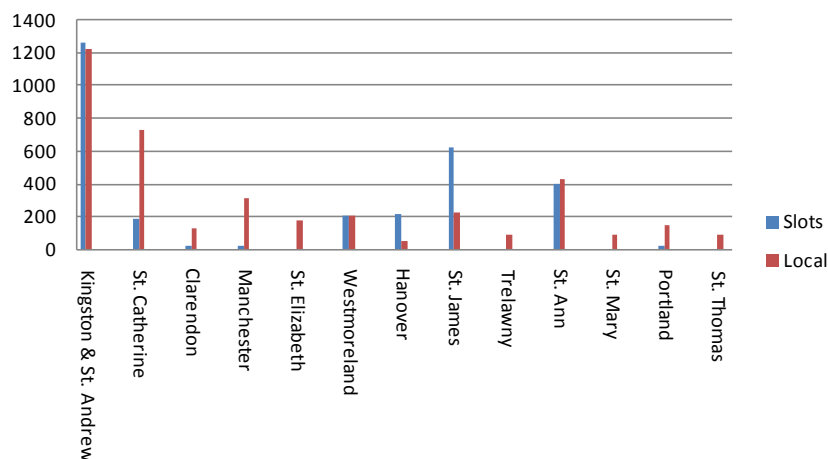
#### Gaming Machines Licensed and Fees & Levies Collected - 2014/15

Type of Lounge	No. Machines		BGLC		IRD			Total Revenue
	Slots	Local	Gaming Machine Fee	Prescribed premises fee	Gaming Machine Levy	Prescribed premises Levy	Penalty	
Gaming Lounges	2531	0	12,121,000	29,500	-	75,000	-	12,225,500
Non- Gaming Lounges	382	3973	21,954,500	723,875	18,836,250	1,754,100	319,250	43,587,975
<b>Total</b>	<b>2913</b>	<b>3,973</b>	<b>34,075,500</b>	<b>753,375</b>	<b>18,836,250</b>	<b>1,829,100</b>	<b>319,250</b>	<b>55,813,475</b>

#### Gaming Machines Licensed by Parish - 2014/15

Parish	Gaming Lounges-slots	Non-Gaming -slots	Slots -sub total	Local	Grand Total	%
Clarendon	19	2	21	123	144	2.09
Hanover	41	76	117	52	169	2.45
Kingston & St. Andrew	1206	54	1260	1225	2485	36.09
Manchester	0	21	21	315	336	4.88
Portland	16	5	21	145	166	2.41
St. Ann	401	0	401	424	825	11.98
St. Catherine	171	17	188	733	921	13.37
St. Elizabeth	0	0	0	178	178	2.58
St. James	559	65	624	228	852	12.37
St. Mary	0	42	42	168	210	3.05
St. Thomas	0	7	7	89	96	1.39
Trelawny	0	5	5	88	93	1.35
Westmoreland	118	88	206	205	411	5.97
<b>TOTAL</b>	<b>2531</b>	<b>382</b>	<b>2913</b>	<b>3973</b>	<b>6886</b>	<b>100.00</b>
Percentage of total	37%	6%	42%	58%		

### Gaming Machine by Parishes 2014/2015



### Betting Sector

**Bookmakers** - Applications for the renewal of Bookmaker's Permit, Betting Office Licences, Betting Lounge Licences and Agency Permits were received from five (5) bookmakers, namely Bazmed Gaming Limited, Capital Betting & Wagering Limited, Caribbean Turf Service Limited, Ideal Betting Company Limited and Post to Post Betting Limited. It should be noted that Champion Betting Company Limited, Markham Betting Company Limited and Track Price Plus Betting Limited consolidated their operations under Post to Post Betting Limited, however all companies within the group continued to trade under their respective names.

Of the applications received, three (3) were renewed, namely Capital Betting & Wagering Limited, Caribbean Turf Service Limited and Post to Post Betting Limited. The remaining applicants did not meet all of the requirements for renewal and therefore their permits and licences were not renewed.

Prime Sports (Jamaica) Limited and Olympic Sports Data Services Limited, having been granted 2-year permits which expired on March 31, 2015, were not required to apply for renewal during the period. A review of their operations was however conducted and approval was granted for the continuation thereof.

A breakdown of the fees collected for the 2014/15 fiscal year indicates that \$6.89 million in fees was collected, which is 38% less than the \$11.1 million collected during the corresponding period last year. This significant decline in fees collected is largely due to the consolidation of operations of several bookmakers and a reduction in Bet-Writer's Due Diligence Fees collected during the period.

### Summary of Licensing Fees Collected - 2014/2015

Bookmakers	Permit Fee	Agency Fee	No. of Agents	Betting Office Fee	No. of Betting Offices	Betting Lounge Fee	No. of Betting Lounge	Betwriter/Terminal Operator Fees	No. Of Betwriter/Terminal Operator	Total
Bazmed Gaming Limited*	200,000	-	-	-	-	-	-	-	-	200,000
Prime Sports (Ja.) Limited	200,000	720,000	72	330,000	33	975,000	65	392,000	98	2,617,000
Capital Betting & Wagering Ltd	200,000	100,000	10	120,000	12	0	0	28,000	7	448,000
Caribbean Turf Service Ltd.	200,000	70,000	7	80,000	8	-	-	28,000	7	378,000
Ideal Betting Co. Ltd.*	200,000	180,000	24	180,000	24	-	-	-	-	560,000
Post to Post Betting Ltd	200,000	170,000	170	850,000	85	1,380,000	92	-	-	2,600,000
Olympic Sports Data Services Ltd.	200,000	10,000	1	10,000	1	-	-	76,000	19	296,000
<b>Total</b>	<b>1,400,000</b>	<b>1,250,000</b>	<b>284</b>	<b>1,570,000</b>	<b>163</b>	<b>2,355,000</b>	<b>157</b>	<b>524,000</b>	<b>131</b>	<b>6,899,000</b>

\*Did not operate during the period

A total 292 betting locations, consisting of 139 betting offices and 153 betting lounges were licensed during the review period—a 59% increase over the 184 locations that were licensed during the 2013/14 period.

The KMR accounted for the most outlets with 116 or 40% while the parish of St. Mary had five (5) locations, the least amount or just below 2% of the total betting locations licensed during the review period.

Post to Post Betting Limited operated the largest number of betting locations with 173 or 59% of the locations operated during the period, while Caribbean Turf Services Limited operated the least locations with eight (8), or just under 3%.

### Betting Locations by Parish - 2014/2015

Bookmaker	Kingston & St. Andrew	St. Catherine	St. Ann	Clarendon	Westmoreland	Manchester	St. James	Trelawny	St. Elizabeth	St. Thomas	Portland	St. Mary	Hanover	Total
Capital Betting & Wagering Ltd	6	3	0	0	1	0	0	1	0	0	1	0	0	12
Caribbean Turf Services Ltd	0	0	6	0	0	1	0	1	0	0	0	0	0	8
Post to Post Betting Limited T/A Champion Betting, Markham Betting, Track Price Plus	75	46	4	11	5	5	12	2	5	2	3	3	0	173
<b>Total licences renewed</b>	<b>81</b>	<b>49</b>	<b>10</b>	<b>11</b>	<b>6</b>	<b>6</b>	<b>12</b>	<b>4</b>	<b>5</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>193</b>
Prime Sports (Ja.) Limited	35	16	10	4	7	3	7	4	3	5	2	2	0	98
Olympic Sports Data Services	0	0	0	0	0	0	1	0	0	0	0	0	0	1
<b>Total Locations in operation</b>	<b>116</b>	<b>65</b>	<b>20</b>	<b>15</b>	<b>13</b>	<b>9</b>	<b>20</b>	<b>8</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>5</b>	<b>0</b>	<b>292</b>

**Racing Promoter (Caymanas Track Limited)** - Caymanas Track Limited (CTL) operated a total of sixty-three (63) Off Track Betting Parlours (OTB) during the review period, which is just one (1) more than last year. However, CTL continues to be delinquent in terms of the fees that are payable to the Commission, as during the review period only the annual licensing fee of \$500,000 was paid. As at the end of the 2014/15 licensing period, CTL's liability to the Commission is \$4.39 million. This is an 82% increase over the \$2.68 million owed at the end of the corresponding period last year.

Despite the growing liability, CTL successfully launched telephone betting services to the public in October 2014. CTL also entered into an agreement with Post to Post Betting Limited, which will see the placement of CTL's terminals in twenty (20) of the bookmaker's outlets for the acceptance of wagering on CTL products.

### Lottery Sector

Two lottery providers were licensed to operate during the review period— Prime Sports Jamaica Limited (Supreme Ventures) and Goodwill Gaming Enterprises Limited. However Goodwill Gaming Enterprises did not commence operation during the year. Meanwhile, Prime Sports introduced two (2) new lottery games—*Money Time* and *Top Draw*.

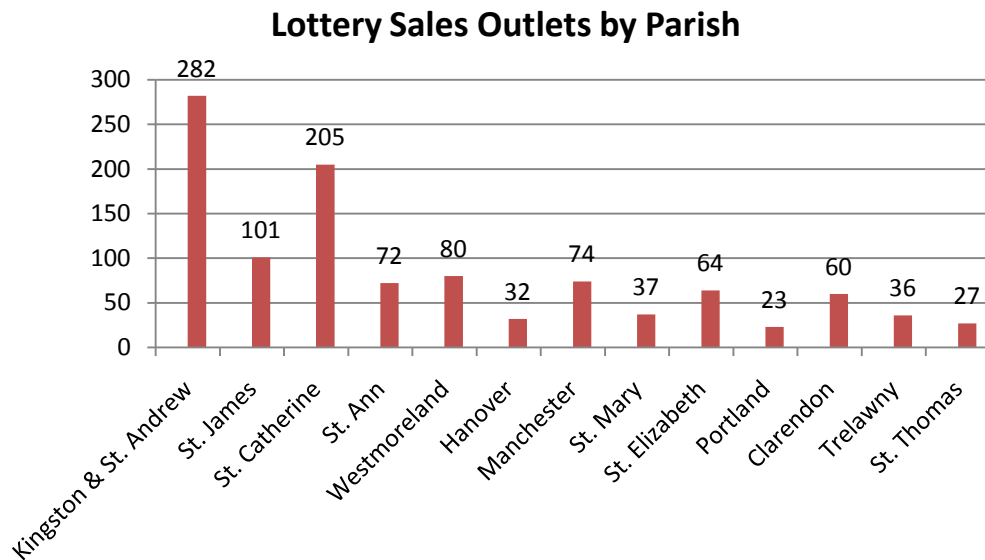
Licensing fees for sixteen (16) lottery games collected totalled \$36.8 million. Fees totalling \$4.3 million were collected for 871 lottery agents, while fees collected for 1,093 lottery sales outlets amounted to \$1.2 million.

#### Lottery Fees Collected - 2014/2015

Name of Lottery Company	Licence Fee	# of Lottery Agents	Lottery Agent Fees	# of Lottery Outlets	Lottery Outlet Fees	# of Games
Supreme Ventures Limited	29.6M	871	4,355,000	1,093	1,174,975	13
Goodwill Gaming Limited*	7.2M	-	-	-	-	3
<b>TOTAL</b>	<b>36.8M</b>	<b>871</b>	<b>4,355,000</b>	<b>1,093</b>	<b>1,174,975</b>	<b>16</b>

\*Did not operate during the period

Kingston & St. Andrew accounted for the largest number of outlets with 282 or 26% of total outlets, while Portland had the least amount at 23 or 2%.



### Prize Promotions

A total of 243 applications for Prize Promotions were approved during 2014/2015. This resulted in revenue totalling \$17.54 million—a 25% increase over the previous year. The value of prizes offered to customers for the 243 promotions approved during the period was \$386.17 million.

The first and third quarters reflected the highest revenue of \$4.9 million and \$5 million respectively. It is important to note that these periods are the summer and Christmas periods respectively, when marketing activities are usually highest.

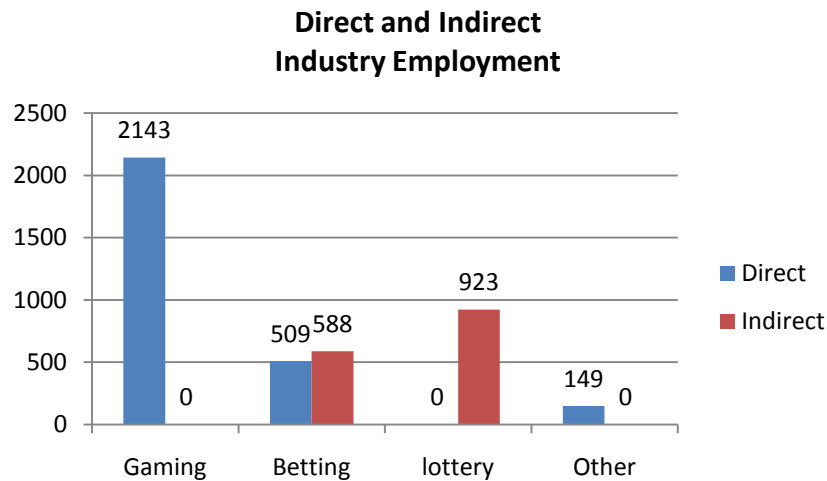
## Prize Promotions Activities - 2014/15

Month	Applications received	Application fees	Incomplete fees	Late Fees	Express Fees	Modification Fees	Extension Fees	Over Payment	Refunds	Total Revenue	Prize Value
April	22	1,460,000	45,000	60,000	225,000	0	0	35,000	0	1,825,000	30,160,583
May	25	1,320,000	160,000	60,000	225,000	0	25,000	25,625	30,000	1,785,625	32,937,116
June	16	950,000	60,000	45,000	150,000	0	60,000	5,000	20,000	1,250,000	17,562,383
<b>Q1</b>	<b>63</b>	<b>3,730,000</b>	<b>265,000</b>	<b>165,000</b>	<b>600,000</b>	<b>0</b>	<b>85,000</b>	<b>65,625</b>	<b>50,000</b>	<b>4,860,625</b>	<b>80,660,082</b>
July	21	851,250	210,000	75,000	175,000	45,000	30,000	40,000	65,625	1,360,625	25,578,217
August	17	810,000	120,000	45,000	75,000	30,000	0	0	15,000	1,065,000	14,265,910
September	21	1,090,000	60,000	45,000	110,000	0	15,000	45,000	20,000	1,345,000	52,868,283
<b>Q2</b>	<b>59</b>	<b>2,751,250</b>	<b>390,000</b>	<b>165,000</b>	<b>360,000</b>	<b>75,000</b>	<b>45,000</b>	<b>85,000</b>	<b>100,625</b>	<b>3,770,625</b>	<b>92,712,411</b>
October	32	2,005,000	165,000	75,000	275,000	60,000	15,000	0	65,000	2,530,000	39,079,498
November	19	1,305,000	150,000	15,000	325,000	45,000	0	0	0	1,840,000	80,066,420
December	14	450,000	45,000	0	150,000	45,000	75,000	0	130,000	635,000	16,808,348
<b>Q3</b>	<b>65</b>	<b>3,760,000</b>	<b>360,000</b>	<b>90,000</b>	<b>750,000</b>	<b>150,000</b>	<b>90,000</b>	<b>0</b>	<b>195,000</b>	<b>5,005,000</b>	<b>135,954,265</b>
January	21	995,000	165,000	90,000	125,000	30,000	30,000	80,000	0	1,515,000	23,962,529
February	24	1,015,000	135,000	60,000	190,000	30,000	15,000	35,000	15,000	1,465,000	6,613,295
March	11	600,000	30,000	15,000	190,000	60,000	30,000	0	5,000	920,000	46,270,637
<b>Q4</b>	<b>56</b>	<b>2,610,000</b>	<b>330,000</b>	<b>165,000</b>	<b>505,000</b>	<b>120,000</b>	<b>75,000</b>	<b>115,000</b>	<b>20,000</b>	<b>3,900,000</b>	<b>76,846,461</b>
<b>TOTAL</b>	<b>243</b>	<b>12,851,250</b>	<b>1,345,000</b>	<b>585,000</b>	<b>2,215,000</b>	<b>345,000</b>	<b>295,000</b>	<b>265,625</b>	<b>365,625</b>	<b>17,536,250</b>	<b>386,173,219</b>



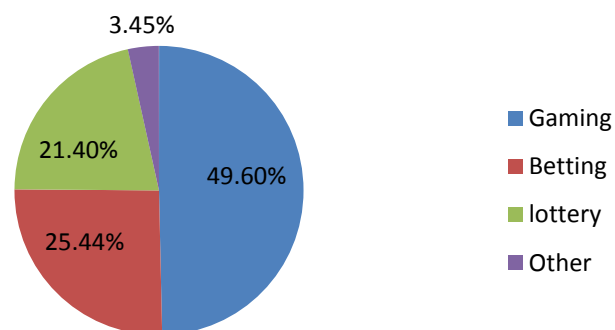
## Industry Employment

The gaming industry provides both direct and indirect employment for a number of persons each year. A total of 4,312 persons are employed within the industry of which 2,801 are direct employees and 1,511 are indirect employees.



**Diagram 4**

## Industry Employment by Sector



# Compliance & Regulatory

The Compliance & Regulatory Division is responsible for ensuring the continuous monitoring of betting and gaming operations in the industry in order to support the Commission in its regulatory and enforcement powers. The Division is one of the key operational units and works closely with Licensing & Registration and Enforcement with support primarily from ICT and Legal Services.

Activities include promoting, auditing and monitoring compliance with all applicable legislation, policies and directives under the authority of the Betting, Gaming & Lotteries Act and Regulation. The Division conducts compliance reviews and on-site inspections as well as revenue audits to ensure licensees accurately report betting and gaming revenue and pay the applicable taxes to the Government of Jamaica (GoJ).

The Division is proactively working with licensees to ensure regulatory compliance with the BGLA. Among our principal activities is the monitoring of ball weighing, calibration activities and seal audits in relation to the conduct of lotteries. We continue to communicate with licensees regarding various operational changes that will enhance not just their operations, but also the Division's monitoring.

In addition, the Division has collaborated with ICT to spearhead the development of an online registration portal which is far advanced. The Division also participated in the successful testing of the Racing Promoter's (Caymanas Track Limited) telephone betting system which encompassed testing of its call centre operations and mobile devices betting system.

## Training & Sensitisation

The Commission continued to work collaboratively with gaming lounges to achieve compliance with the POCA and Money Laundering Regulations through sensitisation workshops organised by the Commission's Communications & Research Department. In addition, mandatory POCA training was delivered to all persons within the Division by the United States Department of Treasury.

Other training attended by staff members include: GLI Round Table Conference, focusing on gaming and lottery licensing processes for land-based and iGaming industries; fraud, money laundering and player protection in gaming; and government procurement process in sports betting operations.

### Efficient & Effective Service Delivery & Business Processes

The Division's service delivery was successfully enhanced through changes in a number of business processes. These include:

- implementation of revised betting compliance and gaming compliance checklists;
- enhancement of inspector and audit rosters; and
- enhancement of rapid response procedures.

Overall, the Compliance & Regulatory Division made significant contributions to the Commission's objectives which form the basis for further operational enhancements in light of changes within the gaming industry.

### COMPLIANCE & REGULATORY INSPECTORATE OPERATIONAL ACTIVITIES

	Apr-Jun-14	Jul-Sep-14	Oct-Dec-14	Jan-Mar -15	TOTAL
<b>BETTING SECTOR</b>					
Compliance checks at OTBs, Betting Lounges & Offices	523	575	409	369	<b>1876</b>
Bookmaker Spot check & Return of Receipts	11	13	12	14	<b>50</b>
Caymanas Track Tote Duties	152	178	180	179	<b>689</b>
<b>GAMING SECTOR</b>					
Compliance Reviews - Gaming & Non-Gaming lounges	160	171	116	229	<b>676</b>
Rapid Response Activities - Decommissioning/ Commissioning	92	82	96	81	<b>351</b>
GPT Meter Readings	195	214	192	175	<b>776</b>
<b>LOTTERY SECTOR</b>					
Lottery Draws Attended	364	178	182	179	<b>903</b>
Prize Promotional Draws Attended	24	24	12	29	<b>89</b>
Winner Verification	46	69	76	81	<b>272</b>

# Enforcement

The primary functions of the law enforcement arm of the BGLC include:

- Conducting criminal and regulatory investigations on individuals and groups involved in illegal betting and gaming activities.
- Monitoring and regulating betting and gaming facilities in accordance with the BGLA and the Proceeds of Crime Act (POCA) with specific attention to Anti Money Laundering (AML) and Counter Financing of Terrorism (CFT) guidelines.
- Gathering intelligence on organised criminal groups involved in illegal betting and gaming activities.
- Conducting background check investigations on all applicants for licences including employees within the gaming industry.
- Making recommendations on potential licensees.

## 2 YEAR SUMMARY OF MAJOR ACTIVITIES

Major Activities	2014/15	2013/2014	% Change
Operations	26	49	47%
Arrests	15	25	40%
Convictions	13	20	25%
Court Fines	\$1,042,000	\$240,864	333%
Reports	53	91	42%
Gaming Machine Seized	49	169	71%
Due Diligence	188	49	284%
Dual Custody	36	47	23%

During the review period, the Enforcement Division carried out twenty-six (26) operations, a 47% decline when compared to the corresponding period last year. Of these operations, one (1) involved the seizure of unlicensed gaming machines, while the remaining involved illegal gaming activities.

Some fifty-three (53) reports on illegal gaming related activities were received which was 42% less than the number of reports received during 2013/2014. Meanwhile, the Division completed 188 Due Diligence investigations, a record 284% over last year, attesting to the growth of the industry.

### **Machine Seizures**

A total of forty-nine (49) unlicensed gaming machines were seized during the period, a 71% decline when compared to the 169 machines that were seized during the previous period. The Division remains actively engaged in the disposal of over 600 unclaimed gaming machines. To facilitate this process, a gaming machine disposal policy was finalised this year, along with the receipt of some thirty-nine (39) Forfeiture Notices from the Resident Magistrate Courts in the Parishes of Kingston & St. Andrew, St. James and Clarendon. In January 2015, we also utilised the services of the National Solid Waste Management Agency (NSWMA) for the destruction and disposal of forfeited gaming machines.

### **Arrests & Convictions**

Arising from operations related to the seizure of illegal gaming machines, fifteen (15) persons were arrested. This represents a 40% decrease in the number of arrests during the corresponding period last year. One of the Division's primary goals during the fiscal year was to target at least four (4) major players involved in illegal *Cash Pot* operations. This resulted in the arrest of one (1) major player whose case is presently before the Resident Magistrate Court.

In relation to convictions, only thirteen (13) were secured during the period (35% less than last year). However the Division still maintains its strategy of targeting repeat offenders in anticipation that heavier fines will be imposed by the Resident Magistrate Courts.

Court fines for the period amounted to \$1,042,000.00, or 333% more than the \$240,864.00 in Court fines handed down last year.

### **Organised Crime Investigation Division MoU**

A Memorandum of Understanding (MoU) between the BGLC and OCID (now referred to as Counter Terrorism and Organized Crime - "C-TOC") was signed on October 7, 2014. This important development will serve to strengthen enforcement capabilities and improve our overall efforts to better regulate the gaming industry. The Intelligence database that was developed during the previous fiscal year and was expected to be implemented is currently being restructured with the input of C-TOC and the BGLC's ICT Division.

# Legal Services

The Betting Gaming and Lotteries (Amendments) Act 2014 was enacted during the period under review to provide for mobile lottery sales, the expansion of sports betting outlets, along with changes to fees payable by licensees. The Telephone and Text Betting Regulations were also drafted and tabled in Parliament on April 17, 2014.

In light of the impending merger of the BGLC and the Jamaica Racing Commission (JRC), and the need for legislative amendments to facilitate the merger of both entities, a Legislative Committee was established in January 2014. The Committee is chaired by a legal consultant and has representatives from the BGLC and the JRC. The Committee is tasked with preparing a paper on the amendments necessary for the merger. It was decided that amendments would not only encompass the changes necessary for the merger, but also include initiatives to harmonise and modernise the legislation in order to keep abreast of developments in the gambling industry.

## POCA / AML

Pursuant to the Proceeds of Crime Act (POCA), the Commission was designated a Competent Authority and gaming lounges were ascribed as Designated Non-financial Institutions (DNFIs). The Legal Services Department prepared and circulated Anti-Money Laundering Guidance Notes for Gaming Lounge Operators to all registered gaming lounge operators for feedback. The finalised Guidance Notes will eventually be gazetted.

In October and November of 2014, the Commission held workshops to assist licensees in developing their POCA Compliance Manuals in keeping with the POCA legislation and BGLC-issued Guidance Notes. In addition, the Department participated in the preparations for the Caribbean Financial Action Task Force Mutual Evaluation Assessment by attending preparatory meetings and responding to questionnaires which included providing information on the legal framework of the BGLA and POCA as well as information on gaming lounges.

## Responsible Gaming/Gambling

A Code of Conduct for Responsible Gaming was developed in conjunction with RISE Life Management Services. This policy is expected to guide gaming lounge operators, gambling establishments and all licensees in upholding the agreed principles and standards that ensure safe and fair gaming/gambling experiences in order to protect customers and the wider society from the possible adverse effects of gambling, including gambling disorders.

**Tax Administration Jamaica MoU**

Further steps were also taken by the Department to develop a Memorandum of Understanding (MoU) between the BGLC and Tax Administration Jamaica (TAJ) toward the implementation of the payment of fixed penalties at Tax Offices throughout the island as well as facilitating the sharing of information and electronic payment of taxes due to the Commission.

# Information & Communication Technology

The 2014/15 financial year saw the Division focused on strengthening the ICT infrastructure to support the Commission's operations. All ICT policy documents were updated and included in the overarching ICT Security Policy Document. We also embarked on a number of major technology initiatives geared toward improving the efficiency and quality of service to our stakeholders. These include:

- **Data Hosting** – this was successfully implemented and saw the improvement of ICT infrastructure platform and business recovery services. The project scope included the provision of Cloud and backup services and the use of remote server infrastructure.
- **Electronic (Licensee) Connectivity** – this entails implementation of electronic (online) connectivity between the BGLC systems and the electronic systems of the licensees whom we regulate in order to facilitate:
  - more accurate monitoring of monthly sales/payout
  - more efficient means of data collection
  - lower administrative cost of monitoring as Inspectors would not need to monitor except on a random basis to ensure compliance
  - reduced manual data entry as information would be electronically uploaded.

The project has so far resulted in successful electronic data collection in relation to betting operators. However with respect to gaming, most licensees lack the technology infrastructure to allow for true connectivity with the Commission.

- **Gaming Management Information System (GMIS)** – the sourcing of a new GMIS is expected to be complete in FY 2015/2016. Under this major initiative, the following project phases were completed:
  - requirements gathering for all operational departments and impact on support departments
  - specifications for all operational departments
  - vendor research
  - development of RFP



- **New Website** – a new website was developed and launched to showcase new department structures, new application forms and procedures, and new initiatives rolled out by the Commission.
- **New PBX System** – coinciding with the relocation to Hagley Park Road, a new PBX was procured and installed to allow for improved external and internal calling capabilities and features.
- **Internet Services** – the internet service was upgraded to provide the Commission with greater bandwidth, data security, increased reliability, speed and intrusion protection. The solution also allows for full wireless integration.
- **Financial Software** – the implementation process for new financial software is currently in train and is slated for completion during FY 2015/2016.
- **HR Software** – additional modules of the current HRMIS software were procured and training in the use of these modules was completed. Modules installed included: training, succession planning, attendance management and performance appraisal management.

# Human Resources & Administration

## Staffing

Staffing of the new organisational structure continued in a controlled manner this year, with the decision having been taken that some positions would be held open, pending the planned merger with the Jamaica Racing Commission (JRC). The staff complement remains at seventy-three (73).

## Values /Culture Re-Alignment

A values/culture realignment programme led by an external consultant commenced in August 2014 as part of the Commission's strategic planning effort as well as to address lingering staff morale issues. Staff participated in sessions to develop new BGLC Mission and Vision statements. Selected persons working as alignment/implementation team members and change agents were also engaged in choosing the new Values to be disseminated throughout the organisation. The Licensing and Registration Division was selected as a "Test Department." It is envisaged that completion of the pilot will result in system-wide roll-out of plans and policies to reflect a more harmonious corporate culture within the organisation, demonstrating improved standards of behaviour and team-work.

## Performance Management

A new, improved performance appraisal tool, based on objectives linked to the Commission's Corporate Plan, was developed this year for use in the organisation. The Performance Management System was launched in December 2014 and used for the first time, in respect of the period ending March 2015. In preparation for use of the new system, Managers/Supervisors were trained in goal-setting and performance appraisal techniques and all staff were trained in use of the new performance appraisal methodology.

## Relocation

The offices of the BGLC were relocated to a newly refurbished building on Hagley Park Road in November 2014. A joint BGLC/ JRC relocation team ensured the readiness of the building for the various divisions of both entities. The HR and Administration Division spearheaded arrangements for the required services for the new building and subsequent removal, with the assistance of various departments such as ICT and Communications & Research. All staff cooperated fully and the move was executed with minimal disruption to the operations of the Commission.

# Internal Audit

The Internal Auditor continued to perform audits and reviews to ascertain whether controls are present and operational over the Commission's critical business processes. Evaluations of the adequacy and integrity of internal controls, the Commission's compliance with the Betting Gaming and Lotteries Act (BGLA), and process efficiencies and effectiveness were also assessed.

Audit coverage for the 2014/2015 financial year was primarily determined by the Internal Auditor's Board approved 2013-2015 Risk Assessment and Audit Plan. Included within the Plan is a high-level review of the Commission's risk profile considering the major risks.

Overall, the BGLC's internal control framework operated satisfactorily during 2014-15 financial year. However, there remains scope for further improvement in areas such as travel and itinerary management.

Despite the challenge of limited resources (personnel), it has been an extremely productive year for the Department in achieving its targets. The outlook is for a dynamic 2015/2016 financial year and for the continued success of the Department in achieving its goals in support of the Commission's overall strategic objectives.

# Communications & Research

The Communications and Research Department spearheaded several initiatives during 2014/2015 for improved internal and external communication in support of the Commission's vision of being the 'premier gaming regulator worldwide'. In that regard, the Commission hosted four (4) major events in our executions this year. The four major public education events far exceeded the targets for coverage and information dissemination.

The Department utilised all methods of information dissemination to conduct public relations efforts vis-à-vis traditional print and electronic media; our corporate website, brochures and handbooks. However, this year the Commission also integrated several interactive social media platforms into its communications mix. These include *Facebook*, *Twitter*, *Instagram*, and *YouTube*. All social media platforms were tethered to the revamped BGLC website, resulting in a 1200% jump in views during the period. Regular posts, updates and educational content are now available via our social media sites, including over thirty (30) video clips on the BGLC YouTube Channel.

## Gaming Industry Summit

The Inaugural BGLC Gaming Industry Summit was planned and executed by the Communications & Research team in May 2014. The event garnered sustained local media coverage and also gained international attention. Among the key issues addressed at the Summit were POCA/AML, Horseracing, Internet Gaming and Amendments to the Betting, Gaming and Lotteries Act (BGLA). The event was oversubscribed with some 250 industry stakeholders in attendance. Plans have already commenced for the 2015 staging which is expected to take place in June 2015.

## POCA / AML

Continuing its thrust to attain the compliance of gaming lounges (DNFIs) with POCA/AML requirements, the Department continued to facilitate stakeholder awareness and education by staging a series of training and sensitisation workshops for licensees on the Proceeds of Crime Act (POCA) and towards the development of their internal control systems and procedures. Workshops were held in Kingston and Montego Bay in October and November 2014.

### **Relocation and Grand Opening**

The Department contributed substantially to the smooth and seamless relocation of the BGLC to its new Hagley Park Road premises through the execution of our Relocation & Communication Plan. Included in this effort were monthly site meetings to determine the progress and readiness of the office space; assessment, planning and oversight for the installation of building signage (internal and external), development and dissemination of internal updates and external media advisories; and development and dissemination of a moving guide and checklist for all staff.

Following the successful move and resettlement in late November 2014, the Department commenced plans for the staging of the Commission's Grand Opening which was held in mid-December with the support of some 150 guests, including Minister of Finance, the Hon. Peter Phillips, MP and Opposition Spokesman on Finance, Audley Shaw.

### **Town Hall Meeting Tour**

The Department also organised the Inaugural BGLC Town Hall Meeting Tour which commenced in February 2015 and covered Kingston & St Andrew, Montego Bay, Negril, Mandeville and Ocho Rios. The events provided several points of interaction with our stakeholders as well as members of the gaming public through vibrant discussions and exploration of issues of concern. Overall, the event was deemed a success and is being considered for execution annually.

### **Corporate Social Responsibility**

As part of our Corporate Social Responsibility efforts, the Commission continues to work very closely with RISE Life Management Services which offers the Caribbean's only gambling prevention, treatment and research programme. We are proud to have completed our 10<sup>th</sup> year of significant support for the work of RISE, approximating an annual contribution of \$8 million for the FY 2014/2015. The role RISE plays is becoming increasingly important and the Commission intends to increase its support of RISE in other meaningful ways going forward.

Among our more recent collaborations is the development of a Responsible Gaming Policy for all licensees along with a Responsible Gaming Code of Conduct for Gaming Lounges. This is to ensure protection of all vulnerable groups, and particularly minors. Training and compliance with these standards and policies will be enforced as an additional condition for licensing and is expected to take effect for the April 2016/2017 licensing period.

Charity disbursements totalling \$1.5 million were made to several organisations and charities this year to assist with various social development initiatives for the elderly, schools and children's homes. This includes our annual contribution of \$100,000 to the Waterford Infant School.

In expanding our charitable outreach, the Commission also established an Education Fund to the tune of \$5 million to contribute to the educational needs of tertiary-level students who reside in and around the Hagley Park community. Eligible students received grants toward tuitions costs. Members of the Education Fund Adjudication Steering Committee include an educator, a minister of religion and a member of the business community. The Fund was launched in August 2014 and up to March 2015 has disbursed some eighty-three (83) grants. In recognition of the continued need, the Fund will be increased to \$7.5 million for the 2015/2016 period.

# Auditor's Report & Financial Statements

FINANCIAL YEAR ENDED 31 MARCH 2015



**Betting, Gaming and Lotteries Commission**

## Index

**31 March 2015**

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<b>Independent Auditor's Report .....</b>	<b>72</b>
<b>Financial Statements .....</b>	<b>74 - 106</b>
Statement of comprehensive income	
Statement of financial position	
Statement of changes in equity	
Statement of cash flows	
Notes to the financial statements	





### ***Independent Auditor's Report***

To the Members of  
Betting, Gaming and Lotteries Commission

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Betting, Gaming and Lotteries Commission set out on pages 1 to 30, which comprise the statement of financial position as at 31 March 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

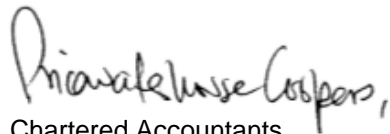
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

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

**Members of Betting, Gaming and Lotteries Commission**  
**Independent Auditor's Report**  
**Page 2**

***Opinion***

In our opinion, the financial statements give a true and fair view of the financial position of Betting, Gaming and Lotteries Commission as at 31 March 2015 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink, reading "Priscilla Huse-Cosper," with a stylized flourish at the end.

Chartered Accountants  
31 July 2015  
Kingston, Jamaica

## Betting, Gaming and Lotteries Commission

### Statement of Comprehensive Income

**Year ended 31 March 2015**

(expressed in Jamaican dollars unless otherwise indicated)

	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Income</b>	5	880,167	800,876
Other operating income	6	240,102	183,904
Administration expenses		(487,753)	(396,943)
Grants	7	(7,547)	(7,119)
<b>Operating Surplus</b>		624,969	580,718
Finance costs		-	(477)
<b>Surplus before Taxation</b>		624,969	580,241
Taxation	10	(34,104)	(24,609)
<b>Net Surplus</b>		590,865	555,632
<b>Other Comprehensive Income:</b>			
Items that may not be subsequently reclassified to profit or loss			
Re-measurement of post-employment obligation, net of tax		17,346	(6,888)
<b>Total Comprehensive Income</b>		608,211	548,744

## Betting, Gaming and Lotteries Commission


### Statement of Changes in Equity

Year ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	11	607,654	381,304
Deferred tax asset	12	2,484	18,039
Long term receivables	13	8,541	9,458
Investments	14	170,873	134,331
		<u>789,552</u>	<u>543,132</u>
<b>Current Assets</b>			
Assets held for sale	15	-	16,055
Inventories		925	1,432
Receivables	16	157,247	79,454
Taxation recoverable		20,411	10,821
Current portion of long term receivables	13	6,082	4,655
Repurchase agreements	17	2,607	308,070
Cash and bank	18	70,314	274,603
		<u>257,586</u>	<u>695,090</u>
<b>Current Liabilities</b>			
Payables	20	84,204	346,288
Income tax payable		24,331	-
Deferred income	21	57,207	44,770
		<u>165,742</u>	<u>391,058</u>
<b>Net Current Assets</b>		<u>91,844</u>	<u>304,032</u>
		<u>881,396</u>	<u>847,164</u>
<b>Shareholders' Equity</b>			
Accumulated surplus		866,706	816,495
		<u>866,706</u>	<u>816,495</u>
<b>Non-Current Liabilities</b>			
Retirement benefit liability	25	14,690	30,669
		<u>14,690</u>	<u>30,669</u>
		<u>881,396</u>	<u>847,164</u>

Approved for issue by the Board of Commissioners on [Date] and signed on its behalf by:

  
 \_\_\_\_\_  
 Gary Peart  
 Chairman

  
 \_\_\_\_\_  
 Peter Reid  
 Commissioner

## Betting, Gaming and Lotteries Commission

### Statement of Changes in Equity

Year ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Reserve for Capital Development	Reserve for Contingencies	Accumulated Surplus	Total
		\$'000	\$'000	\$'000	\$'000
<b>Balance at 31 March 2013</b>		9,246	182,696	475,809	667,751
Re-measurement of pension obligation, net of tax		-	-	(6,888)	(6,888)
Net Surplus		-	-	555,632	555,632
Total Comprehensive Income		-	-	548,744	548,744
Transfer to Retained Earnings		(9,246)	(182,696)	191,942	-
Transaction with owners					
Distribution	24	-	-	(400,000)	(400,000)
<b>Balance as at 31 March 2014</b>		-	-	816,495	816,495
Re-measurement of pension obligation, net of tax		-	-	17,346	17,346
Net Surplus				590,865	590,865
Total Comprehensive Income		-	-	608,211	608,211
Transaction with owners					
Distribution	24	-	-	(558,000)	(558,000)
<b>Balance at 31 March 2015</b>		-	-	866,706	866,706

# Betting, Gaming and Lotteries Commission

## Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Net surplus		590,865	555,632
Adjustments for:			
Depreciation	11	15,253	4,584
Gain on sale of Asset Held for Sale		(42,434)	-
Amortisation		45	-
Gain on disposal of property, plant and equipment		-	(143)
Interest income	6	(35,065)	(42,612)
Retirement benefit liability		7,150	5,550
Interest expense		-	477
Effect of exchange gain on foreign currency balances		(8,981)	(852)
Taxation	10	34,104	24,609
		<u>560,937</u>	<u>547,245</u>
Changes in operating assets and liabilities:			
Inventories		507	643
With-holding tax recoverable		(9,590)	16,782
Receivables		(77,793)	61,217
Payables		(12,084)	(48,481)
Deferred income		12,437	(6,128)
Cash provided by operations		<u>474,414</u>	<u>571,278</u>
Tax paid		<u>-</u>	<u>(26,960)</u>
Net cash provided by operating activities		<u>474,414</u>	<u>544,318</u>
<b>Cash flows from investing activities</b>			
Interest received		34,561	43,091
Disposal of Investments		66,190	29,146
Proceeds from sale of assets held for sale		57,741	-
Proceeds from sale of disposal		8,650	-
Purchase of property, plant and equipment	11	(241,603)	(107,302)
Proceeds from sale of property, plant and equipment		-	143
Short term deposits with original terms to maturity greater than three months		-	(78,263)
Long term receivables		(510)	(3,283)
Net cash used in investing activities		<u>(74,971)</u>	<u>(116,468)</u>
<b>Cash flows from financing activities</b>			
Interest paid		-	(477)
Repayment of long term loan		-	(51,989)
Distribution		(808,000)	(202,466)
Net cash used in financing activities		<u>(808,000)</u>	<u>(202,466)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(408,557)</u>	<u>225,384</u>
Effects of exchange rate changes on cash and cash equivalents		9,729	-
Net cash and cash equivalents at beginning of year		<u>471,749</u>	<u>246,365</u>
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	18	<u>72,921</u>	<u>471,749</u>

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

**31 March 2015**

(expressed in Jamaican dollars unless otherwise indicated)

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### 1. The Commission

Betting, Gaming and Lotteries Commission ("The Commission") was established under the Betting, Gaming and Lotteries Act. The Commission is a Jamaican statutory body which regulates betting, gaming and lottery activities carried out in Jamaica. Its activities also include the investing of surplus funds. The Commission's principal place of business is 78cef Hagley Park Road, Kingston 10.

The Commissioners at the start and the end of the year were:

Mr. Gary Peart	-	Chairman
Mr. Peter Reid		
Mrs. Monique Harrison-Beckford		
Mr. Roderick Heaven		
Mr. Leacroft Forden		
Mr. Gilroy English		
Mr. Terrence Allen (resigned)		
Ms. Anna Young	-	Company Secretary (contracted)

The Board of Commissioners was appointed for three years with effect from 28 March 2012.

Members of the management team at 31 March 2015 were:

Mr. Andral Shirley	-	Executive Director
Mr. Garnett Daley	-	Director of Enforcement
Mrs. Laurie Wiggan	-	Director of Compliance and Regulation
Mrs. Lorraine Thompson-Barnett	-	Director of Finance
Mr. Maurice Thompson	-	Director of Licensing and Registration
Mrs. Karla Small Dwyer	-	Director of Legal Services
Mrs. Germaine Kamicka	-	Director of Human Resources and Administration
Mrs. Carole Martinez-Johnson	-	Director of Information, Communication & Technology

### 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

# Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Commission's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Commission has assessed the relevance of all such new standards, interpretations and amendments and has put into effect the following IFRS, which are immediately relevant to its operations.

#### ***Standards, interpretations and amendments to published standards effective in the current year***

- **Amendments to IAS 36, Impairment of assets** (effective for annual periods beginning on or after 1 January 2014): These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. This standard is not expected to have a significant impact on the Commission's financial statements.
- **Amendments to IAS 19, 'Employee benefits'** (effective for annual periods beginning on or after 1 January 2014). This applies to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. This standard is not expected to have a significant impact on the Commission's financial statements.

#### ***Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted***

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published which are not yet effective. The Commission has concluded that the following standards which are published but not yet effective, are relevant to its operations, and will impact the Commission's accounting policies and financial disclosures as discussed below. These pronouncements are effective for annual periods beginning on or after the dates noted, and will be applied by the Commission as at those dates, unless otherwise noted.



## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

- **IAS 19 (Amendment) – ‘Defined Benefit Plans: Employee Contributions**, (effective for annual periods beginning 1 July 2014). The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service. This standard is not expected to have a significant impact on the Commission's financial statements.
- **Annual Improvements 2014**, (effective for annual periods beginning on or after 1 January 2016). The amendments impact the following standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitutes continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report". This standard is not expected to have a significant impact on the Commission's financial statements.

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

#### (a) Basis of preparation (continued)

***Standards, interpretations and amendments to published standards effective in the current year***

- **IFRS 9 'Financial Instruments'**. (effective for annual periods beginning on or after 1 January 2018). The standard introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities, in order to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The determination of classification will be made at initial recognition, and depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Management is assessing the timing of its adoption by the Commission, and the potential impact of adoption.

#### (b) Income recognition

Income comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Commission's activities. Income is shown net of General Consumption Tax, rebates and discounts. Income is recognised as follows:

##### (i) Betting, gaming and lottery activities

Income from betting activities is recognised on the accrual basis. The Commission earns income for its regulatory activities from statutory contributions based on the licensee's gross profit. The amounts accrued from bookmakers and the racing promoters are based on information provided by licensees and audits conducted by the Commission and such information is provided to the Inland Revenue Department.

##### (ii) Licence fees

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

##### (iii) Unclaimed winnings

Unclaimed winnings are earned from 50% of lottery winnings which remain unclaimed after 21 days. These are recorded on an accrual basis.

##### (iv) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When an interest receivable balance is impaired, the Commission reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

#### (c) Foreign currency translation

##### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Commission operates (the 'functional currency'). The financial statements are presented in Jamaican dollars, which is also the functional currency of the Commission.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

#### (d) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Commission will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at market interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

#### (e) Property, plant and equipment

Property, plant and equipment comprise mainly office buildings, furniture and fixtures and are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Commission and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 2. Summary of Significant Accounting Policies (Continued)

#### (e) Property, plant and equipment (continued)

Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line basis to allocate their cost to their residual values over their expected useful lives at annual rates as follows:

Freehold buildings	2½%
Furniture and fixtures	20%
Computer equipment	33⅓%
Motor vehicles	20%
Storage facility and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at year end date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating surplus in the statement of comprehensive income.

#### (f) Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each statement of financial position date.

#### (g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

#### (h) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

#### Financial assets

The Commission classifies its financial assets in the following categories: loans and receivables and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

#### (h) Financial instruments (Continued)

##### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. Loans and receivables include long term receivables, cash, repurchase agreements and trade and other receivables in the statement of financial position.

##### ***Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities including Fixed Rate Accreting Notes (FRANs) that the Commission's management has the positive intention and ability to hold to maturity. These assets are classified as investments on the statement of financial position.

Where the Commission is required to sell other than an insignificant amount of held-to-maturity assets, the entire category would be compromised and reclassified as available-for-sale.

Held-to-maturity investments are initially recognized at fair value plus transaction costs and are subsequently measured at amortized cost using effective yield method.

##### ***Special accounting for state-owned/controlled entities on exchange into the FRANs***

Having regard to the FRANs, which were received at 80% of the face of previously held notes, and which were issued under the Government of Jamaica National Debt Exchange and which were mandatory for state-owned/controlled entities, exchange of Old Notes into the FRANs has been recognized as a "transaction with the owners in their capacity as owners" under IAS 1, Presentation of Financial Statements, and the loss arising on initial recognition of the FRANs in 2013 was recognized directly in equity similar to a distribution.

The difference between the amounts initially recognised on the FRANs and the redemption amounts will be recognised as interest income over the life of the FRANs using the effective yield method.

##### **Financial liabilities**

The Commission's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. Financial liabilities include payables and long term loan on the statement of financial position.

#### (i) Securities purchased under agreements to resell

Securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

#### (h) Financial instruments (Continued)

##### (j) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### (k) Cash and cash equivalents

Cash and cash equivalents include repurchase agreements, cash in hand and deposits held at call with banks with original maturities of three months or less. These are recognised initially at fair value and subsequently measured at amortised cost.

#### (l) Employee benefits

##### Pension obligations

The Commission participates in a defined benefit plan, the assets of which are generally held in a separate trustee-administered fund. The scheme is generally funded by payments from employees and the Commission taking into account the recommendations of independent qualified actuaries. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The asset or liability recognised in the statement of financial position in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the year-end date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service costs. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension plan costs are assessed using the projected unit credit method.

##### Pension obligations (Continued)

Under this method, the cost of providing pensions is charged to the statement of comprehensive income so as to spread the regular cost of service over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plan every year. The pension obligation is measured at the present value of the estimated future cash outflows using discount rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to equity in other comprehensive income in the period in which they arise.

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

#### (l) Employee benefits (Continued)

##### Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Commission recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

#### (m) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

#### (n) Taxation

Taxation on the surplus for the year comprises current and deferred income taxes.

Current income tax charges are based on taxable surplus for the year, which differs from the surplus before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Commission's liability for current income tax is calculated at tax rates that have been enacted at the statement of financial position date.

Deferred income tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case, deferred tax is also dealt with in other comprehensive income or equity.

Tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 3. Financial Risk Management

The Commission's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Commission's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Commission's financial performance.

The Commission's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Commission regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Commissioners has overall responsibility for the establishment and oversight of the Commission's risk management framework.

The risk management policies are established to identify and analyse the risk faced by the Commission, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Commission's activities. Management standards and procedures aim to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

#### (a) Credit risk

The Commission takes on exposure to credit risk which is the risk of loss to the Commission arising from a counterparty to a financial instrument failing to meet its contractual obligations. Credit exposures arise principally from the Commission's trade receivables and treasury activities.

#### ***Accounts and long term receivables***

Accounts receivable mainly consist of sales income and fee receivable. These amounts are due from institutions which management regards as financially sound.

Long term receivables include staff loans for motor vehicles. There is a documented credit policy in place which guides the Commission's credit process for staff loans. The policy includes established procedures for the authorisation of credit and repayment terms. Liens on motor vehicles are obtained as security against loans.



## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### ***Investment securities***

The Commission limits its exposure to credit risk by investing mainly in liquid Government of Jamaica securities with counterparties that have a high credit quality. Consequently, management does not expect any counterparty to fail to meet its obligation.

The Commission has documented investment policies which guide the management of credit risk on investment securities and resale agreements. The Commission's exposure is continually monitored.

#### ***Cash and cash equivalents***

Cash and cash equivalents are held in financial institutions which management regards as strong and there is no significant concentration. The strength of these financial institutions is constantly reviewed. Resale agreements are secured by Government of Jamaica or Bank of Jamaica securities. The collateral obtained is at least one hundred percent of the sum of the principal value of the resale agreement plus interest to be earned.

#### ***Worst case scenario of credit risk exposure***

The Commission's maximum exposure to credit risk equals the carrying amounts on the statement of financial position, of the assets which expose the commission to credit risk. There has been no change over the prior year in the manner in which the Commission manages and measures credit risk.

#### ***Ageing analysis of trade accounts receivables that are past due but not impaired***

Fees and contributions receivables that are less than 31 days past due are not usually considered impaired unless there are unusual circumstances. The fees and contributions receivables that are over 31 days past due but not considered impaired total nil (2014 – \$7,833,000). These relate to customers for whom there is no recent history of default.

#### ***Ageing analysis of trade receivables that are considered impaired***

Fees and contributions receivables of \$14,659,000 (2014 – \$14,659,000) were considered impaired and were fully provided for. The individually impaired receivables relate to customers who are in unexpected difficult economic situations. The ageing of these receivables is as follows.

	2015 \$'000	2014 \$'000
0 – 30 days	-	-
61 – 90 days	-	-
Over 90 days	14,659	14,659
	<u>14,659</u>	<u>14,659</u>

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 3. Financial Risk Management (Continued)

#### (a) Credit risk (continued)

##### ***Movement analysis of provision for impairment:***

- Fees and contributions receivable  
During the year, there was no additional provision for impairment for fees and contributions receivables. There were no direct write offs nor reversals of unused amounts in both years. The balance on the provision account at year end is \$14,659,000 (2014 - \$14,659,000) (Note 16).
- Long term receivables  
The balance on the provision account at year end is \$20,000,000 (2014 - \$20,000,000) (Note 13). There were no additional provisions, write-offs nor recoveries during the year.

The creation and release of provision for impaired receivables is included in expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. There are no financial assets other than those mentioned above that were individually impaired.

#### (b) Liquidity risk

Liquidity risk is the risk that the Commission is unable to meet its payment obligations associated with its financial liabilities when they fall due.

### 3. Financial Risk Management (Continued)

#### (b) Liquidity risk (continued)

##### **Liquidity risk management process**

The Commission's liquidity management process, as carried out within the Commission and monitored by the Board of Commissioners, includes:

- Monitoring future cash flows and liquidity regularly. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.
- Optimising cash returns on investment.

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (b) Liquidity risk (continued)

##### *Undiscounted cash flows of financial liabilities*

The tables below summarise the maturity profile of the Commission's financial liabilities at 31 March based on contractual undiscounted payments at contractual maturity dates.

	Within 1 Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
<b>2015</b>				
Payables	27,749	-	-	27,749
<b>Total financial liabilities</b>	<b>27,749</b>			<b>27,749</b>
<b>2014</b>				
Payables	33,682	-	-	33,682
<b>Total financial liabilities</b>	<b>33,682</b>			<b>33,682</b>

Liabilities are usually covered by cash generated from operations in the normal course of business. Assets available to meet all liabilities and to cover financial liabilities include cash, investments and repurchase agreements.

#### (c) Market risk

The Commission takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency rates and interest rates.

There has been no change to the Commission's exposure to market risk or the manner in which it manages and measures the risk.

##### *Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Management manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. Management further manages this risk by holding foreign currency balances.

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (c) Market risk (Continued)

The Commission's exposure to currency risk at year end was as follows:

	2015 US\$'000	2014 US\$'000
<b>Assets</b>		
Investments	384	76
Repurchase agreements	-	1,534
Cash at bank	84	14
	<u>486</u>	<u>1,624</u>

#### **Interest rate risk**

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Commission to cash flow interest risk, whereas fixed interest rate instruments expose the Commission to fair value interest risk.

The Commission earns interest on its securities purchased under resale agreements as disclosed in Note 17. As these deposits have a short term to maturity and are constantly reinvested at current market rates, they are not significantly exposed to interest rate risk. The Commission also earns interest on its long term receivables (Note 13), investment securities (Note 14) and certain deposit and bank balances (Notes 17 and 18). These financial assets are fixed rate instruments and expose the Commission to neither cash flow nor fair value interest rate risk.

The Commission incurs interest on its borrowings disclosed in Note 22. These borrowings are at fixed rates, and expose the Commission to neither cash flow nor fair value interest rate risk. Interest rate fluctuations are not expected to have a material effect on the net results or shareholders' equity.

#### (d) Capital management

The Commission's objective when managing capital is to ensure that it will be able to pay its debts and remain financially sound. The Commission is not subject to externally imposed capital requirements.

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (e) Fair values of financial instruments

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. There are no financial instruments that, subsequent to initial recognition, are measured at fair value. The following methods and assumptions have been used in determining fair values disclosed for instruments not re-measured at fair value after initial recognition.

The carrying values of the amounts included in the financial statements for cash and bank, receivables, repurchase agreements and payables reflect their approximate fair values because of the short term maturity of these instruments.

The fair values of long term receivables has been estimated at \$8,541,000 (2014 – \$9,458,000). The values were derived by discounting the contractual cash flows using the market rate of interest. The carrying values of the long term investment (carried at amortised cost) was noted at \$168,857,195 (2014 - \$132,774,221).

### 4. Critical Accounting Estimates and Judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Commission makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management does not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liability within the next financial year.

### 5. Income

	2015 \$'000	2014 \$'000
Lotteries	684,604	610,630
Gaming machines	125,860	120,110
Bookmakers	30,524	41,943
Racing promoter	16,840	8,893
Bingo	4,800	4,800
Prize promotions	17,538	14,500
	<u>880,167</u>	<u>800,876</u>

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

**31 March 2015**

(expressed in Jamaican dollars unless otherwise indicated)

### 6. Other Operating Income

	<b>2015</b> <b>\$'000</b>	<b>2014</b> <b>\$'000</b>
Interest	35,065	42,612
Foreign exchange gain	8,981	13,419
Storage and transport fees	28	267
Unclaimed winnings	152,970	126,667
Miscellaneous	153	796
Gain on Disposal of Asset Held for Sale	42,434	-
Other	<u>471</u>	<u>143</u>
	<u><u>240,102</u></u>	<u><u>183,904</u></u>

### 7. Grants

The Commission provides an annual grant for an intervention and prevention programme to Rise Life Management Services (formerly Addiction Alert Organisation) to assist in mitigating problem gaming. Total contribution during year was \$7,547,000 (2014 - \$7,119,000).

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 8. Expenses by Nature

Total administration expenses and grants

	2015 \$'000	2014 \$'000
Advertising and public relations	12,064	5,132
Audit fees	1,261	1,147
Depreciation	15,253	4,584
Donations and subscriptions	6,400	1,621
Gaming machines labels	508	642
Grants	7,547	7,119
Insurance	4,207	3,960
Irrecoverable General Consumption Tax	1,946	8,043
Legal and professional	27,407	7,785
Printing and stationery	5,387	4,564
Rental - office building and furniture	9,421	4,877
Repairs and maintenance	4,162	3,383
Security	8,519	6,494
Merger expenses	5,154	-
Special investigations	767	1,016
Staff costs (Note 9)	339,680	324,450
Utilities	13,527	10,954
GCT With-held (from suppliers)	11,512	-
Other	20,578	8,291
	<u>495,300</u>	<u>404,062</u>

### 9. Staff Costs

	2015 \$'000	2014 \$'000
Salaries and wages	182,442	177,739
Payroll taxes – employer's contribution	22,136	20,584
Pension (Note 25)	13,423	11,562
Other employee related costs	121,679	114,299
	<u>339,680</u>	<u>324,450</u>

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 10. Taxation

- (a) The Commission is liable for taxation on income not derived from its core business of the regulation of gaming activities. Taxation is based on surplus for the year adjusted for tax purposes and comprises income tax at 25%.

	<b>2015</b> <b>\$'000</b>	<b>2014</b> <b>\$'000</b>
Current income tax	24,029	29,763
Prior year over-accrual	302	(2,803)
Deferred taxation (Note 12)	9,773	(2,351)
	<u>34,104</u>	<u>24,609</u>

- (b) The tax on the Commission's surplus differs from the theoretical amount that would arise using the applicable tax rate as follows:

	<b>2015</b> <b>\$'000</b>	<b>2014</b> <b>\$'000</b>
Surplus before taxation	<u>624,969</u>	<u>580,241</u>
Tax calculated at 25% (2014 - 25%)	156,242	145,060
Adjusted for the effects of:		
Income not taxable	(213,594)	(195,631)
Expenses not deductible for tax	96,290	80,226
Adjustment to tax rates	-	3,348
Employee Tax Credit	(4,793)	-
Adjustment for prior year over-accrual	302	(2,803)
Other charges and allowances	(343)	(5,591)
Tax charge	<u>34,104</u>	<u>24,609</u>

- (c) The tax credit relating to components of other comprehensive income is as follows:

	<b>2015</b> <b>\$'000</b>	<b>2014</b> <b>\$'000</b>
Other comprehensive income -		
Retirement benefit obligations		
Re-measurements on retirement benefit obligation, before tax	23,128	(9,184)
Tax charge (Note 12)	(5,782)	2,296
	<u>17,346</u>	<u>6,888</u>



## Betting, Gaming and Lotteries Commission

### Notes to the Financial Statements

**31 March 2015**

(expressed in Jamaican dollars unless otherwise indicated)

#### 11. Property, Plant and Equipment

	Land	Freehold Buildings	Furniture & Fixtures	Computer Equipment	Motor Vehicles	Storage Facility and Equipment	Capital Work In Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At Cost -								
1 April 2013	86,204	20,092	13,292	51,126	8,432	1,404	186,281	366,831
Additions	-	-	1,397	132	-	-	105,773	107,302
Disposals	(3,000)	(20,092)	-	-	(494)	-	-	(23,586)
31 March 2014	83,204	-	14,689	51,258	7,938	1,404	292,054	450,547
Additions	-	-	1,886	10,423	-	-	229,294	241,603
Transfers	-	401,719	119,629	-	-	-	(521,348)	-
At 31 March 2015	83,204	401,719	136,203	61,680	7,938	1,404	-	692,150
Depreciation -								
At 1 April 2013	-	6,535	11,087	49,299	3,864	1,404	-	72,189
Charge for the year	-	502	1,090	1,825	1,167	-	-	4,584
Relieved on disposal	-	(7,037)	-	-	(493)	-	-	(7,530)
31 March 2014	-	-	12,177	51,124	4,538	1,404	-	69,243
Charge for the year	-	3,348	8,902	1,837	1,166	-	-	15,253
Transfers	-	-	-	-	-	-	-	-
Relieved on disposal	-	-	-	-	-	-	-	-
At 31 March 2015	-	3,348	21,079	52,584	5,702	1,404	-	84,496
Net Book Value -								
At 31 March 2015	83,204	398,371	115,124	9,096	2,236	-	-	607,654
At 31 March 2014	83,204	-	2,512	134	3,400	-	292,054	381,304

In May 1990 the JSPCA was given permission by the Commission to use the certain premises owned by the Commission costing \$1,055,000, on a temporary basis. Subsequently, the Commission thereafter made several requests that the JSPCA vacate these premises, culminating in an agreement that they would vacate the premises by 1999. However, the JSPCA has not honoured this agreement and remains in occupation despite several subsequent notices to vacate issued by the Commission. A Consent Order was granted by the Court October 7, 2014 requiring the Jamaica Society for the Prevention of Cruelty to Animals to relinquish possession of 10 Winchester Road to the Commission by November 30, 2015.

# Betting, Gaming and Lotteries Commission

## Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 12. Deferred Taxation

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25% (2014- 25%). The movement in the net deferred tax asset during the year is as follows:

	2015 \$'000	2014 \$'000
Net asset at beginning of year	18,039	13,392
Credited/(charged) to profit or loss (Note 10)	(9,773)	2,351
Credited to other comprehensive income (Note 10)	(5,782)	2,296
Net asset at end of year	<u>2,484</u>	<u>18,039</u>

Deferred income tax assets and liabilities are attributable to the following:

	2015 \$'000	2014 \$'000
Deferred income tax assets -		
Property, plant and equipment	-	4,793
Retirement benefit liability	3,673	7,667
Vacation leave accrual	<u>6,482</u>	<u>8,009</u>
	<u>10,155</u>	<u>20,469</u>
Deferred income tax liabilities -		
Unrealised foreign exchange gain	144	1,363
Property Plant and Equipment	7,010	-
Interest receivable	<u>517</u>	<u>1,067</u>
	<u>7,671</u>	<u>2,430</u>
Net deferred tax asset	<u>2,484</u>	<u>18,039</u>

The deferred tax charged/credited in profit or loss and other comprehensive income comprises the following temporary differences:

	2015 \$'000	2014 \$'000
Profit or loss		
Vacation leave accrual	1,527	(62)
Unrealised foreign exchange gain	(1,219)	564
Property, plant and equipment	11,803	(2,887)
Interest receivable	(550)	93
Retirement benefit liability	<u>(1,788)</u>	<u>(59)</u>
	<u>9,773</u>	<u>(2,351)</u>
Other comprehensive income		
Retirement benefit liability	5,782	(2,296)

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 12. Deferred Taxation (Continued)

	2015 \$'000	Restated 2014 \$'000
Deferred income tax assets to be recovered -		
After more than 12 months	3,673	12,460
Deferred income tax liabilities to be extinguished -		
After more than 12 months	7,010	-

### 13. Long Term Receivables

	2015 \$'000	2014 \$'000
Advance to Caymanas Track Limited (a)	20,000	20,000
Less: Provision for impairment	(20,000)	(20,000)
	-	-
Loans to employees (b)	14,623	14,113
Less: Current portion	(6,082)	(4,655)
	8,541	9,458
	8,541	9,458

(a) During the year ended March 31, 2012, the Commission advanced \$20,000,000 to Caymanas Track Limited (CTL), as directed by the Ministry of Finance and Planning (MOFP). The terms for repayment have not yet been finalised. Management has provided for the entire \$20,000,000 that was advanced.

(b) 43% percent (2014 - 58%) of loans to employees are interest-free while the remainder bears interest at 3% per annum and are payable in equal monthly instalments. These include motor vehicle loans to travelling officers who are required to repay mainly over three (3) to five (5) years.

### 14. Investments

	2015 \$'000	2014 \$'000
Held-to-maturity:		
Government of Jamaica securities – Debentures	158,743	124,578
Long term Certificate of Deposit	10,069	8,196
Interest receivable	2,061	1,557
	170,873	134,331

## Betting, Gaming and Lotteries Commission

### Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

#### 14. Investments (Continued)

In February 2013, the Trust participated in the National Debt Exchange (NDX) transaction as part of a Government of Jamaica (GOJ) fiscal consolidation exercise, under which it exchanged its holdings of domestic debt instruments issued by the Government of Jamaica for new, longer dated debt instruments with lower coupon rates.

Specifically for public bodies, Fixed Rate Accreting Notes (FRANs) were offered with J\$80 of principal value for every J\$100 of principal value of Old Notes, whereby such principal will accrete to J\$100 of principal value by the maturity date in 2028. The Commission agreed to participate in the programme and exchanged its existing domestic instruments for the new FRANs.

#### 15. Assets Held for Sale

This represents a property (land and building) that was held for sale as at 31 March 2014 and sold during the financial year.

#### 16. Receivables

	2015 \$'000	2014 \$'000
Fees and contributions receivable	69,107	51,240
Unclaimed winnings	14,202	10,827
Staff loans	4,605	7,592
Prepayments and other deposits	5,804	5,252
Amount due from sale of asset held for sale (Note 15)	58,152	-
Other	5,377	4,543
	<u>157,247</u>	<u>79,454</u>

Fees and contributions receivable is stated after provision for bad debts of \$14,659,000 (2014 – \$14,659,000). Staff loans includes 2,417,000 (2014 - \$2,498,000) with related parties (Note 19).

#### 17. Securities Purchased under Resale Agreements

The Commission entered into reverse repurchase agreements collateralised by Government of Jamaica securities. These agreements may result in credit exposure in the event that the counter party to the transactions is unable to fulfil its contractual obligation.

	Within 3 Months	4 - 12 Months	Carrying Value	Carrying Value
	2015	2015	2015	2014
	\$'000	\$'000	\$'000	\$'000
Securities purchased under resale agreements (Note 18)	-	2,600	2,600	305,543
Interest receivable	-	7	7	2,527
	<u>-</u>	<u>2,607</u>	<u>2,607</u>	<u>308,070</u>

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 17. Securities Purchased under Resale Agreements (Continued)

The weighted average effective interest rate on securities purchased under resale agreements were as follows:

	2015 %	2014 %
J\$	9.4	9.4
US\$	4.1	4.1

### 18. Cash and Cash Equivalents

	2015 \$'000	2014 \$'000
Securities purchased under resale agreements (Note 17)	2,607	308,070
Cash at bank and in hand	70,314	274,603
	72,921	582,673
Less: Repurchase agreement with original maturity over 90 days	-	(110,924)
Restricted cash (Note 17)	-	-
	72,921	471,749
	2015 \$'000	2014 \$'000
Cash at bank and in hand comprise:		
Cash at bank	67,672	272,553
Cash in hand	2,489	1,897
Special imprest	100	100
Petty cash	53	53
	70,314	274,603

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 19. Related Party Transactions and Balances

#### (a) Loans to related parties

Loans to other government agencies –

	2015 \$'000	2014 \$'000
Caymanas Track Limited (Note 13)		
Balance outstanding	20,000	20,000
Less: Provision for impairment	(20,000)	(20,000)
	<u>-</u>	<u>-</u>

Loans to key management personnel of the Commission–

	2015 \$'000	2014 \$'000
At start of year	2,498	1,307
Loans advanced during year	4,381	3,924
Loan repayments received	(4,462)	(2,733)
End of year	<u>2,417</u>	<u>2,498</u>

No provision has been required in 2015 and 2014 for the loans made to key management personnel of the Commission.

#### (b) Other balances/transactions with related parties

	2015 \$'000	2014 \$'000
Payables (Note 20)	-	(10,196)
Distributions (Note 24)	<u>558,000</u>	<u>400,000</u>

#### (c) Key management compensation

	2015 \$'000	2014 \$'000
Salaries and other short-term employee benefits	52,453	49,977
Allowances	4,590	13,692
Gratuity accrued	11,281	6,554
Payroll taxes – employer's contributions	4,094	4,226
Pension	-	435
	<u>72,418</u>	<u>74,884</u>
Commissioners' emoluments		
Fees	769	1,065
Travel allowance	<u>42</u>	<u>41</u>

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 20. Payables

Payables include nil (2014 - \$10,196,000) with related parties (Note 19).

	2015 \$'000	2014 \$'000
Accruals	27,749	26,348
Accrued vacation leave	25,928	32,035
Distribution payable (Note 24)	-	250,000
Other	30,527	37,905
	<u>84,204</u>	<u>346,288</u>

### 21. Deferred Income

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

### 22. Reserve for Capital Development

This represented fixed deposits in prior years, which had been transferred from retained earnings. These reserve funds were maintained for the purposes of capital development. Transfers were made to keep the reserve at a level that was considered adequate by management. The balance in this reserve was transferred to retained earnings during the prior year as the Commission was of the view that a special reserve for capital development was no longer needed.

### 23. Reserve for Contingencies

This is an account that was built up from a transfer of cess and fees earned from Jamaica Lottery Company Holdings Limited, Supreme Ventures Lotteries Limited, and Telefun International Limited. The balance in this reserve was transferred to retained earnings during the prior year as the Commission felt that a special reserve for contingencies was no longer needed.

### 24. Distributions

Pursuant to directives from the Honourable Minister of Finance and Planning, the Commission was required to distribute a total of \$808,000,000 (2014 - \$150,000,000) to the Consolidated Fund.

### 25. Retirement Benefit Liability

#### Pension benefits

The Commission participates, jointly with Jamaica Racing Commission, in a defined benefit pension scheme which is fully funded. The scheme is open to all permanent employees of the Commission and is administered by trustees. Under the scheme, retirement benefits are based on average earnings during the three years preceding retirement.

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 25. Retirement Benefit Liability (Continued)

#### Pension benefits (Continued)

The scheme is funded by employee contributions at 5% and employer contribution of 6.6% of salary, as recommended by independent actuaries. Members may also make voluntary contributions of up to 5% of their earnings.

The assets of the scheme are held independently of the Commission's assets in a separate trustee-administered fund. The scheme is valued by independent actuaries annually using the projected unit credit method. The latest actuarial valuation was carried out as at 31 March 2015.

Additionally, the plan is valued by independent actuaries triennially to determine the adequacy of funding. The latest such valuation being as at 30 June 2012 revealed that the scheme was reflecting a surplus of approximately \$2.9 million.

The defined benefit liability amounts relating to the Commission and recognised in the statement of financial position are determined as follows:

	<b>2015 \$'000</b>	<b>2014 \$'000</b>
Present value of funded obligations	364,978	357,386
Fair value of plan assets	(350,288)	(326,717)
Liability recognised in statement of financial position	<u>14,690</u>	<u>30,669</u>

The movement in the defined benefit liability recognised in the statement of financial position is as follows:

	<b>2015 \$'000</b>	<b>2014 \$'000</b>
At beginning of the year	30,669	15,936
Statement of comprehensive income (Note 9)	13,423	11,562
Re-measurements recognised in other comprehensive income	(23,128)	9,184
Contributions paid	(6,274)	(6,013)
At end of year	<u>14,690</u>	<u>30,669</u>



## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 25. Retirement Benefit Liability (Continued)

The amounts recognised in the statement of comprehensive income are as follows:

	2015 \$'000	2014 \$'000
Service Cost	11,199	10,764
Net Interest Cost:		
Interest cost on defined benefit obligations	31,997	27,178
Interest income on plan assets	(29,773)	(26,380)
	<u>13,423</u>	<u>11,562</u>

The movement in the present value of the funded obligation is as follows:

	2015 \$'000	2014 \$'000
Present value of obligation as at 1 April	357,386	310,272
Service cost	11,199	10,764
Interest cost	31,997	27,178
Contributions paid	8,587	8,437
Benefits paid	(55,716)	(45,541)
Value of annuities purchased	13,606	28,599
Re-measurement – Changes in demographic assumptions	-	24,158
Re-measurement – Changes in financial assumptions	-	21,220
Re-measurement – Experience adjustments	(2,081)	(27,701)
Present value of funded obligation as at 31 March	<u>364,978</u>	<u>357,386</u>

The movement in the fair value of plan assets for the year is as follows:

	2015 \$'000	2014 \$'000
Fair value of plan assets at 1 April	326,717	294,336
Contributions paid - total	14,860	14,449
Expected return on plan assets	29,773	26,380
Benefits paid	(55,716)	(45,541)
Value of annuities purchased	13,606	28,599
Re-measurement – Changes in demographic assumptions	-	2,356
Re-measurement – Changes in financial assumptions	-	1,096
Re-measurement – Experience adjustments	21,048	5,042
Fair value of plan assets at 31 March	<u>350,288</u>	<u>326,717</u>

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 25. Retirement Benefit Liability (Continued)

The Commission's share of plan assets consists of the following:

	2015		Restated 2014	
	\$'000	%	\$'000	%
Equity	149,316	43	128,787	39
Mortgage and real estate	62,590	18	59,613	18
Fixed income	2,967	1	42,574	13
Money market	6,586	2	6,277	2
Foreign currency investments	49,512	13	53,738	16
Value of purchased Annuities	77,534	1	57,309	18
Inflation Linked Fund	3,407	22	3,272	1
Adjustments	(1,624)	0	(24,853)	-8
	<u>350,288</u>	<u>100</u>	<u>326,717</u>	<u>100</u>

The principal actuarial assumptions used were as follows:

	2015 %	2014 %
Discount rate	9.5	9.5
Expected return on plan assets	7.0	7.0
Future salary increases	6.0	6.0
Future pension increases	3.5	3.5
Inflation	<u>6.0</u>	<u>5.5</u>

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the date of the statement of financial position. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

The estimated pension contributions expected to be paid into the plan by the Commission for the next financial year is \$14,134,000 (2014 - \$16,449,000).

The actual return on plan assets was \$55,277,000 (2014 – \$39,015,000).

The average expected remaining working life of the employees is 21 years (2014 – 21 years).

## Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 25. Retirement Benefit Liability (Continued)

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	Change in assumption	Impact on post-employment obligations	
		Increase in assumption	Decrease in assumption
		\$'000	\$'000
Discount rate	1%	(46,013)	59,113
Future salary increases	1%	20,894	(18,043)

#### ***Risks associated with pension plans and post-employment plans***

Through its defined benefit pension plans and post-employment medical plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

##### **Asset volatility**

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the plan matures, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds represent investments in Government of Jamaica securities.

The Company believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Company's long term strategy to manage the plans efficiently. See below for more details on the Company's asset-liability matching strategy.

##### **Changes in bond yields**

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

##### **Inflation risk**

Higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by fixed interest bonds, meaning that an increase in inflation will reduce the surplus or create a deficit.

##### **Life expectancy**

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

### 26. Contingencies

Claims have been made against the company of which the amounts and outcome are uncertain and therefore no provisions were made in the accounts for these balances.



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