

# 2015 2016 | ANNUAL REPORT

Betting Gaming & Lotteries Commission

Regulating • Facilitating • Enabling



# **Betting, Gaming & Lotteries Commission**

## **Annual Report 2015–2016**

Betting, Gaming & Lotteries Commission

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The Betting, Gaming and Lotteries Commission is pleased to present its 41<sup>st</sup> Annual Report and Statements of Revenue and Expenditure for the period April 1, 2015 to March 31, 2016.

Actual figures 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 reporting periods used to capture data in the Financial Statements, as compared with licensees' reporting periods.*

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# Corporate Profile

## WHO WE ARE

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.

## WHAT WE DO

- regulate and control the operation of betting, gaming and the conduct of lotteries in Jamaica;
- grant permits, licences and approvals to persons or entities considered fit and proper to conduct betting, gaming and lottery activities;
- examine, in consultation with such organisations and persons as it considers appropriate, problems relating to the operation of betting, gaming and lotteries;
- conduct investigations, studies and surveys for the purpose of obtaining information for use in the exercise of its functions;
- furnish 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.

## OUR MISSION

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

## OUR VISION

To be the premier gaming regulator worldwide

## OUR CORE VALUES

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

# Corporate Governance Framework

## Board of Commissioners

Schedule I of the Betting, Gaming and Lotteries Act (BGLA) includes provisions for membership of the Board of Commissioners as follows:- 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.

During the 2015 calendar year, a new Board of Commissioners was approved by Cabinet with effect from June 1, 2015 - May 30, 2018 in anticipation of a merger with the Jamaica Racing Commission. Membership consisted of:

1. Gary Peart (Chairman)
2. Linton Walters (Deputy Chairman)
3. Peter Reid
4. Jeffrey Mordecai
5. Major Vincent Anderson
6. Dr. Michael Coore\*
7. Monique Harrison-Beckford\*\*

\* joined September 2015

\*\* resigned December 2015

## Meetings of the Board

The Board is scheduled to meet monthly in each calendar year. Ten (10) regularly held meetings were conducted during the 2015/16 financial year.

	MEETINGS ATTENDED	Fees (\$)	Travel (\$)	Total (\$)
Gary Peart	10 / 10	188,990	11,270	200,260
Linton Walters	3 / 6	111,625	2,275	113,900
Peter Reid	9 / 10	139,750	2,040	141,790
Jeffrey Mordecai	4 / 6	74,625	9,105	83,730
Vincent Anderson	3 / 6	103,875	10,050	113,925
Monique Harrison-Beckford	6 / 10	98,365	9,520	107,885
Michael Coore	2 / 3	87,500	12,580	100,080

### Notes:

1. Commissioners' fees are as stipulated by Government based on the number of meetings attended.

## Board Subcommittees

The Board has established a number of subcommittees to assist in the execution of its duties to ensure the Commission's strategic goals are achieved. Terms of reference are established for each subcommittee as approved by the Board and subcommittees are mandated to keep the Board informed by submitting a written report where such meetings are held prior to the Board meeting date.

### Audit & Risk

Michael Coore (Chairperson)

Jeffrey Mordecai

Kirby Clarke (co-opted November 2015)

### Finance

Peter Reid (Chairperson)

Gary Peart

### Legal & Regulatory

Monique Harrison-Beckford (Chairperson)\*

Jeffrey Mordecai

### Enforcement & Security

Vincent Anderson (Chairman)

Gary Peart

### Special Projects

Linton Walters (Chairperson)

Michael Coore

### Human Resources & Administration

Monique Harrison-Beckford (Chairperson)\*\*

Peter Reid

Linton Walters (Chairperson: Dec 2015-April 2016)

### Licensing & Registration

Linton Walters (Chairperson)

Michael Coore\*

\* joined September 2015

\*\* resigned December 2015

## Board of Commissioners



### Gary Peart, Chairman

Gary Peart is Chief Executive Officer at Mayberry Investments Limited. He also has membership on several Boards in both the private and public sector, including: LASCO Financial Services, Jamaica Anti-Doping Commission, Mona School of Business and Port Authority of Jamaica. He is Chairman of the Board for the Jamaica Bauxite Institute, an alternate Board member of the Jamaica Stock Exchange and Vice President of the Jamaica Securities Dealers Association.



### Michael Coore, MD\*

Michael Coore, is a practicing medical doctor, specialising in family medicine and paediatrics. He has had several sojourns on the Boards of the BGLC and JRC from the 1990's to present. Dr. Coore is an honorary Kiwanian and a founding member of its St. Andrew Chapter. He was also nominated as Kiwanian of the year for the period 1991– 1992. Dr. Coore is an avid sports enthusiast and has represented Jamaica in Bridge. He is a graduate of Jamaica College and the University of the West Indies.



### Linton Walters, Deputy Chairman

Linton Walters is an Attorney-at-law, practising primarily in the areas of Criminal Law, Family Law, Commercial Law and Divorce. He is a member of the Bar Association of Jamaica and is also a registered Solicitor in England and Wales. He currently serves as Chairman of the Jamaica Racing Commission (JRC) and is Chairman of the Board of the Jamaica Bauxite Mining Company, the Jamaica Bauxite and Alumina Trading Company and the Nursing Appellate Body. He is also Deputy Chairman of the Board of the Bellevue Hospital in Kingston and Board Member of the Holy Trinity High School.



### Jeffrey Mordecai

Jeffrey Mordecai is a practising attorney-at-law specialising in insurance and personal injury. He is currently a member of Jamaica's Law of the Sea Conference Delegation and former Chairman of both the First Instance Tribunals of the Jamaica Racing Commission and the Betting Gaming and Lotteries Commission. He has also served as Vice Chairman of Citizen's Action for Free and Fair Elections (CAFFE). Mr. Mordecai was born in Barbados but was educated in Jamaica at the Wolmers' Boys School and the University of the West Indies. He holds the honour of becoming the 1976 Jamaican Rhodes Scholar and has attended the prestigious Oxford University in the United Kingdom.



### Peter Reid

Peter Reid is Senior Vice President and Chief Operating Officer at Victoria Mutual Building Society (VMBS). Before joining VMBS, he spent more than 10 years at the Bank of Nova Scotia Jamaica and was one of two District Vice-Presidents providing strategic leadership for half of the branch network. He also spent 4 years at CitiBank specializing in Debt Equity Swaps and Receivables Based Financing. A career Banker, Mr Reid has had eighteen (18) years experience in financial advisory services and deal structuring.



### Vincent Anderson, JP

Vincent "Dave" Anderson is a retired Jamaica Defence Force Military Officer and Security Consultant specialising in strategic national and regional security. He is a former Vice President of the Port Authority of Jamaica with responsibility for Policy, Strategy and Regulations of all Seaports of Jamaica, including, Container Terminals, Cruise Ship Piers, Bauxite, Commercial Ports and Wharves; a former Director of the International Association of Airports and Seaports Police (IAASP) and was also Special Advisor to the Ministry of National Security. Major Anderson currently serves as an Adjunct Associate Lecturer at the University West Indies and Guest Lecturer at the Jamaica Constabulary Force Staff College.



### Monique Harrison-Beckford\*\*

Monique Harrison-Beckford heads the Conveyance Department at Harrison & Harrison law firm. She has also worked at the Attorney General's Chambers where she represented the Government in a range of matters before the Resident Magistrates' Court, the Supreme Court and the Court of Appeal. As a former Legal Officer at the BGLC, Mrs Harrison-Beckford has extensive knowledge of the Betting Gaming and Lotteries Act and is credited with working on several amendments to the Act as well as providing legal advice to the Commission on a range of legal matters.

\*joined September 2015

\*\* resigned December 2015



## Senior Management Team

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**Andral "Jack" Shirley**  
Executive Director



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



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



**Winston Jackson**  
Internal Auditor



**Karla Small Dwyer**  
Director, Legal Services



**Beverley Johnson**  
Director, Human Resources & Administration (Actg.)



**Laurie Wiggan**  
Director, Compliance & Regulatory



**Garnett Daley**  
Director, Enforcement



**Jana Bent**  
Manager, Communications & Research



**Maurice Thompson**  
Director, Licensing & Registration

# Message from the Chairman



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*We at the BGLC envision a more agile and responsive regulatory model that encompass all modern forms of gaming activities. Otherwise, we would be constantly trying to enforce a law that has outlived its relevance and usefulness.*

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Our strategic focus on strengthening industry compliance through operational efficiency, greater levels of engagement with our stakeholders and benchmarking global industry standards and best practices, has enabled us to maintain perspective while we navigated the incertitude surrounding the proposed merger with the Jamaica Racing Commission (JRC); the divestment of Caymanas Track Limited (CTL); the county's macro-economic outlook under the current IMF agreement; as well as a General Election. I applaud the efforts and commitment of our Board of Commissioners, management and staff who continued to lift the standard in the execution of their duties.

## **Operational Imperatives**

Significant work was undertaken during the year to prepare gaming lounges (20 or more gaming machine stations) as Designated Non-Financial Institutions

(DNFI) for POCA/AML monitoring. Minimum standards for POCA compliance were developed and consultations held with the relevant licensees as part of the 4<sup>th</sup> AML Directive that must be implemented within gaming lounges in the first instance, with the expectation that the requirements will eventually be expanded to other sectors of the industry in due course. To accommodate this new dimension of our regulatory activities, staff and licensee sensitisation continued in earnest along with other preparatory activities such as participation in the Caribbean Financial Action Task Force (CFATF) Mutual Evaluation Assessment meetings and reviews.

In tandem with POCA/AML introduction, a Responsible Gaming component will be introduced for all betting/gaming activities. Through our partner, RISE Life Management Services, training and certification of licensees and industry workers

continued during the year, with a view to introducing Responsible Gaming as part of new conditions for licensing to take effect in 2016/2017.

### Regulatory Framework

On the legal side, preparations for legislative amendments continued in order to facilitate the merger of the BGLC and JRC, through consolidation of the two statutes—the Betting Gaming & Lotteries Act (BGLA) and the Jamaica Racing Commission Act (JRCA). A Legislative Committee was established to steer this process and to simultaneously prepare amendments that would modernise and broaden the scope of the legislation to make it more relevant and consistent with industry developments. This effort is of particular significance given the global proliferation of Internet/mobile gambling and its various off-shoots (virtual and fantasy betting, e-sports, etc), and the development of new variations of gaming/gambling products. The Board of Commissioners approved the draft of the proposed harmonised Act which was subsequently submitted to the Ministry of Finance, which was the next step towards the implementation.

Undoubtedly, the Jamaican gaming community and the Government of Jamaica (GoJ) can only benefit from this wider range of gaming options that could boost the industry's growth potential as technology develops further. We at the BGLC envision a more agile and responsive regulatory model that encompasses all modern forms of gaming activities. Otherwise, we would be constantly trying to enforce a law that has outlived its relevance and usefulness. As such, it is essential that the amended law include provisions for:

- increased technology convergence between online and land-based offerings;
- technology neutrality that allows industry development while ensuring that the regulator is in a position to regulate effectively, irrespective of technology advances and development of new business models;
- non-duplication of controls to render smoother and faster processes for the approval and granting of licences, while ensuring that consumers are protected.

There is no question that both traditional land-based and online/mobile games will continue to evolve. And as the regulator, we have to be adaptable and responsive to the changes. Certainly not all gaming activities will require the same level of regulatory

intervention. Policy objectives such as consumer protection, fiscal monitoring, and crime and fraud prevention are mainstays. The more modern approach to regulation which we are advocating would encompass a risk-based approach, whereby the higher the risks presented by an operator, the business model or the gaming product(s), the higher the level of scrutiny and monitoring. These are crucial, albeit basic, steps that we must incorporate if we are to remain true to our mission and vision, and solidify our selves as progressive thought leaders in gaming/gambling regulation.

### The Inaugural Diamond Mile

One very tangible demonstration of our *modus operandi* as regards supporting industry growth was our launch this year of the Diamond Mile Race Meet. After observing a consistent decline in the horseracing sector over the years, we conceptualized, copyrighted and launched this event in December 2015 as a stimulus to resuscitate the sector and build a new fan base for horseracing. It was an ambitious undertaking and perhaps even audacious, but the results far exceeded even our expectations. The event was hugely successful and garnered the most revenue in the history of CTL's operation for a single day. We believe the event will continue to grow and expect that the 2016 edition will exceed the results of the 2015 edition.

### Gaming Industry Summit

The second iteration of the Annual BGLC Gaming Industry Summit held in June 2015, brought a new dimension to deliberations on industry developments and trends. A combined roster of both local and international speakers delivered a range of topics to some 400 industry stakeholders in attendance. POCA/AML, Mobile/Digital Cash and Internet gaming trends were among the popular presentations and discussion topics for the day. As a forum for stakeholders to interact, network and share information, this event has become a mainstay on the BGLC's calendar of events and will undoubtedly continue to expose the local gaming community to global perspectives and best practices.

### Regional Cooperation

While much remains to be done to transform our current statutory framework to enhance our oversight capabilities, we are still several paces ahead of many jurisdictions. We continue to avail ourselves of opportunities to share information on industry regulation and policy development with our regional

neighbours. In 2014 we hosted a team of officials from Trinidad & Tobago who were on an exploratory mission to gain understanding about our regulatory framework. This year, we hosted a team of government officials from the Turks & Caicos Islands who were on a similar mission.

Our experience in the industry has taught us that with sustainability in mind, regulatory obligations and business-friendliness can co-exist harmoniously in accordance with our slogan: “regulating, facilitating, enabling”. Going forward, we must capitalize on this mantra in order to create an environment that fosters the development of the industry and its composite sectors; where growth is not stifled but enabled and

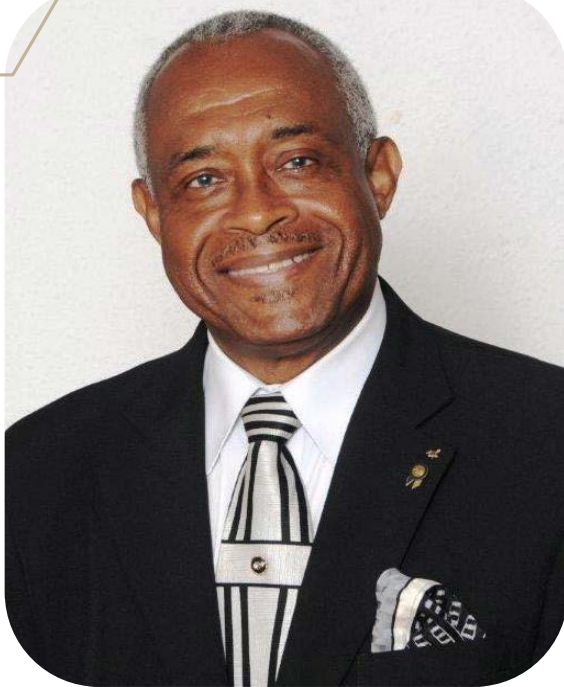
facilitated, whether it is current licensees/products or new entrants/niches.

Finally, I wish to express my sincere thanks and appreciation to my outgoing Board, Honourable Ministers Peter Phillips and Horace Dalley, the various units of the Ministry of Finance, the dedicated members of management and staff of the BGLC as well as the various stakeholders without whom we couldn't have achieved the various milestones. To the incoming Board, I say welcome! I am certain that the team looks forward to your sure and firm support and leadership as you continue the progress and look to future successes.

A stylized, handwritten signature in black ink, appearing to read 'G Peart'.

**Gary Peart**

# Executive Director's Report



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*The industry experienced a 13% growth in sales arising from a surge in sports betting, which saw a 26% increase in sales, bets on horseracing (up by 8%) and slots/gaming machines which increased by 22%. New licensees also entered the market and introduced new gaming products.*

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The results of the financial year ended March 2016 attested to the resoluteness and commitment of our team in managing the uncertainties presented by the proposed merger with the Jamaica Racing Commission (JRC), which is yet to be concluded. By maintaining focus, we again achieved a commendable performance despite new regulatory requirements and continued human resource constraints.

For the year under review, the BGLC generated revenue of \$1.072 billion, resulting in an after tax profit of \$419.12 million (a 29.07% decrease over the previous year) and a contribution of \$232.96 million to the Consolidated Fund. The Commission remains solvent with an accumulated surplus of \$1.084 billion. Overall Government earnings for the year totalled \$5.696 billion, inclusive of \$1.473 billion in contributions to the CHASE Fund for charitable causes.

#### Main Sector Contributors:

- Lottery Sector	\$4.94 billion
- Gaming Sector	\$0.473 billion
- Betting Sector	\$0.265 billion
- Prize Promotions	\$0.018 billion
<b>Total</b>	<b>\$5.696 billion</b>

From a statistical view point, the industry experienced a 13% growth in sales arising from a surge in sports betting, which saw a 26% increase in sales, bets on horseracing (up by 8%); and slots/gaming machines which increased by 22%. New licensees also entered the market and introduced new gaming products which stretched interpretation of the existing outdated and limited Act.

A review of the legislation has been underway for some time; however this too is temporarily in abeyance, pending finalisation of the merger. In the interim, we have formed an Operational Committee comprising the Heads of the three (3) operational divisions: Licensing & Registration, Compliance &

Regulatory and Enforcement, with support from the Legal Department, to review processes that can enhance efficiency and productivity, customer-friendliness, augment revenue collection and reduce cost.

As we continued to focus on enhancing customer experience, several changes were implemented to facilitate ease of doing business with us. Some of the initiatives introduced include:

- simplifying the licensing application process;
- revising our policy on fit and proper background checks for certain prescribed premises workers;
- online registration and fee payment;
- reduced turnaround time for the processing and granting of licences;
- discussions with Tax Administration (TAJ) towards integrating a 'one-stop-shop' system for the filing and payment of taxes and levies via TAJ's Revenue Administration Information System (RAiS).

Regrettably, the long awaited Gaming Management Information System has not yet been introduced as we went back to the drawing board to fine-tune the system specifications to ensure that we will have a comprehensive system that will be compatible with all aspects of the industry and which will allow for easy integration with the JRC's operations if/when a merger occurs.

#### **AML/POCA**

A significant agenda item during the year was the continued work by the Commission to prepare gaming lounge operators to comply with requirements established under the Anti Money Laundering/Proceeds of Crime Act (AML/POCA). Further consultations were held with licensees to guide them in developing internal systems and controls to combat money laundering in preparation for BGLC inspections and compliance monitoring.

#### **Operational Performance**

In order to maintain relevance and keep up-to-date with industry developments, a restructuring exercise was conducted internally. A lot of the preparatory work has been done towards this effort, but implementation continues to be delayed, pending finalisation of the BGLC-JRC merger.

Consequently, efficiency and productivity were not attained at the desired levels. But with the blueprint already in place for a restructuring of our operations, and subject to definitive action by the relevant authorities as regards the merger, we remain hopeful that in the coming year we will have the opportunity to implement a more efficient organisational structure and achieve optimum performance. Greater emphasis would therefore be needed to address technical and managerial training for succession planning, the assessment of competencies and the engagement of staff to fill key vacancies.

#### **Temporary Relocation**

We experienced some operational disruptions towards the latter part of the financial year due to air quality issues with our Hagley Park Road facility. The combined effects of sanitation work plus a faulty design of the building's central air conditioning system led to a build-up and heavy concentration of foul air which caused considerable discomfort among some staff and eventually led to an off-site relocation of some departments. Thankfully, through the swift and decisive action of my very capable management team, there was minimal service disruption or inconvenience to our customers.

Remedial work to correct the sanitation issues were completed in short order, followed by environmental engineering assessments of the interior air quality to rule out any lingering or adverse fumes. While we await the findings from the environmental experts, we have also commenced a full assessment of the air conditioning system with a view to commissioning a full redesign and installation of a more effective central cooling and ventilation solution. The matter is being addressed by the requisite professionals and a return to normalcy is expected within the first quarter of FY2015/2016.

In concluding, my expectation for the coming year is that it will bring changes as well as challenges. Nevertheless, I am optimistic that on the strengths and combined efforts of our very dedicated and talented team of professionals, we will continue to build on the successes of the past year and attain a new paradigm within our regulatory environment that will bring us closer to realising our vision of being "the premier gaming regulator worldwide".



**Andral "Jack" Shirley**

# Statistical Highlights

3-YEAR SUMMARY OF GOVT. REVENUE EARNED BY SECTOR  
(2012/13 – 2014/15)

Sector	2014 /15	2013/14	2012/13
Betting	267	256	235
Lottery	4749	4025	3485
Gaming	410	403	343
Prize Promotions	18	14	13
	<b>5455</b>	<b>4698</b>	<b>4076</b>
	↑ 16%	↑ 15%	↑ 16%



**4%**

% increase over 2014/2015



**\$5.696 billion**

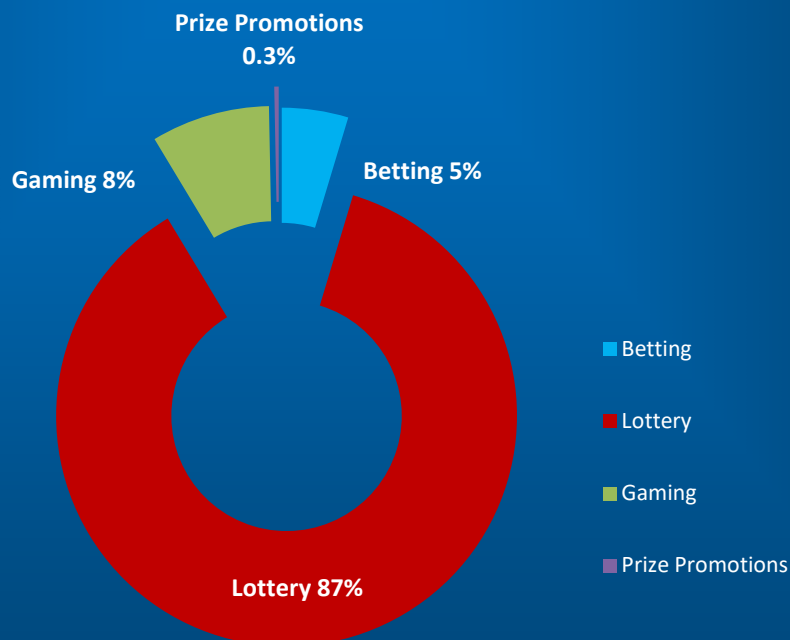
2015/2016 taxes, levies & contributions



**\$5.455 billion**

2014/2015 taxes, levies & contributions

Government Revenue  
Betting, Gaming & Lottery Sectors 2015 - 2016  
\$5.696 billion





## INDUSTRY PERFORMANCE 2015/2016

### GOVERNMENT REVENUE PAYABLE & COLLECTED

GOVERNMENT REVENUE PAYABLE & COLLECTED	Consol. Fund \$M	BGLC \$M	CHASE \$M	JRC \$M	TOTAL \$M
<b>BETTING SECTOR</b>					
<b>BOOKMAKERS</b>					
Local & Simulcast Racing	13,717	22,806	-	114,029	150,552
Sports Betting	19,993	2,856	2,856	-	25,705
Unclaimed Winnings	-	5,450	-	-	5,450
Bookmakers Permit & Licence Fees	-	7,838	-	-	7,838
<b>RACING PROMOTER</b>					
Local & Simulcast Horseracing Taxes	20,256	10,128	-	45,575	75,959
<b>Total - Betting Payable</b>	<b>53,966</b>	<b>49,078</b>	<b>2,856</b>	<b>159,604</b>	<b>265,504</b>
Betting Levies/Taxes Paid	34,772	35,463	3,395	170,465	244,094
Unclaimed Winnings	-	5,450	-	-	5,450
Bookmakers Licence Fees	-	7,838	-	-	7,838
<b>Total - Betting Collected</b>	<b>34,772</b>	<b>48,751</b>	<b>3,395</b>	<b>170,465</b>	<b>257,382</b>
<b>LOTTERY SECTOR</b>					
<b>Lottery Taxes</b>	2,339,242	627,486	1,272,401	-	4,239,129
<b>Lottery Tax Winning Levy</b>	344,586	-	-	-	344,586
<b>Unclaimed Winnings</b>	-	155,771	155,771	-	311,541
<b>Lottery Licence Fees</b>	-	43,930	-	-	43,930
<b>Total - Lottery Payable</b>	<b>2,683,827</b>	<b>827,186</b>	<b>1,428,172</b>	<b>0</b>	<b>4,939,185</b>
<b>Lottery Taxes</b>	2,362,373	645,089	1,308,627	-	4,316,089
<b>Lottery Tax Winning Levy</b>	345,985	-	-	-	345,985
<b>Unclaimed Winnings</b>	-	159,710	167,416	-	327,126
<b>Lottery Licence Fees</b>	-	43,930	-	-	43,930
<b>Total - Lottery - Collected</b>	<b>2,708,358</b>	<b>848,729</b>	<b>1,476,044</b>	<b>0</b>	<b>5,033,130</b>
<b>GAMING SECTOR</b>					
Gaming Machine Levies & Fees	20,092	31,606	-	-	51,697
Gross Profit Levy & Contributions	274,423	105,547	42,219	-	422,189
<b>Total - Gaming Payable</b>	<b>294,515</b>	<b>137,153</b>	<b>42,219</b>	<b>0</b>	<b>473,887</b>
Gaming Machine Levies & Fees	20,092	31,606	-	-	51,697
Gross Profit Levy & Contributions	257,699	100,538	40,069	-	398,306
<b>Total - Gaming - Collected</b>	<b>277,791</b>	<b>132,144</b>	<b>40,069</b>	<b>-</b>	<b>450,004</b>
<b>PRIZE PROMOTIONS</b>					
Prize Competition Fees	-	17,705	-	-	17,705
<b>GRAND TOTAL - PAYABLE</b>	<b>3,032,308</b>	<b>1,031,122</b>	<b>1,473,247</b>	<b>159,604</b>	<b>5,696,281</b>
<b>GRAND TOTAL - COLLECTED</b>	<b>3,020,920</b>	<b>1,047,328</b>	<b>1,519,507</b>	<b>170,465</b>	<b>5,758,221</b>



# Business Highlights & Events

## 2<sup>nd</sup> ANNUAL GAMING INDUSTRY SUMMIT



1



2



3

## CHAIRMAN'S MEET & GREET WITH SCHOLARSHIP RECIPIENTS



4

## VISIT FROM TURKS & CAICOS ISLANDS GOVERNMENT OFFICIALS



5

(1) Hon. Horace Dalley, CD, MP (centre) along with BGLC Chairman Gary Peart (2<sup>nd</sup> left), BGLC Executive Director Jack Shirley (4<sup>th</sup> left) and speakers at the 2<sup>nd</sup> Annual BGLC Gaming Industry Summit.

(left – right) Robin Sykes, Chief Technical Director Financial Services Division; Cedric Stewart, CEO Caymanas Track Ltd; Jack Shirley, Executive Director BGLC; Walter Scott, Chairman Casino Gaming Commission; Gary Peart, Chairman BGLC; Christina Thakor-Rankin, International Gaming Consultant (UK); Rick Hector, US Treasury Dept; Phillip Shelton, CEO Casino Gaming Commission; Alan Pedley, International Gaming Consultant (Australia); Ed Martin, President Association of Racing Commissioners International (USA).

(2) Hon. Horace Dalley, CD, MP shares a moment with BGLC Executive Director Jack Shirley, Rick Hector, US Treasury Dept; Phillip Shelton, CEO Casino Gaming Commission and Louis Del Valle, International Gaming Consultant (Puerto Rico).

(3) Panoramic view of Gaming Industry Summit in progress.

(4) BGLC Chairman, Gary Peart (centre) hosting to the 2014/15 cohort of scholarship awardees during a meet and greet.

(5) BGLC Chairman, Gary Peart, (centre) with (from left): Desmond Ewing, Acting Director Turks and Caicos Islands Gaming Inspectorate, Desiree Lewis, Permanent Secretary with responsibility for Gaming in the Ministry of Tourism, Environment, Culture & Heritage, Rebecca Astwood, Policy Analyst and Wayne Higgs, Deputy Chief Gaming Inspector.



## SNAPSHOTS FROM THE INAUGURAL DIAMOND MILE RACE DAY



# Gaming Industry

## Performance Review

The gaming industry consists of betting on local and simulcast horseracing, virtual games, sports betting, gaming on slot 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 from legal gambling. Gross gaming revenues /Declared Gross Profit represent net spending by consumers on legal gambling.

### Sales

The industry experienced mixed results in 2015/16 amidst the general economic conditions. A total of J\$135.602 billion was wagered by punters.

- Pari-mutuel wagering sales on local and simulcast horseracing continued to decline for Bookmaker's. However, the converse is reflected in pari-mutuel wagering sales by the Racing promoter, which increased by 8.6%.
- Sports betting on seasonal sporting events (primarily National Basketball Association, National Football League and UK Premier League Tournaments) contributed to a 26% increase in sales over the period.
- Sales on lottery games declined by 4%.
- Slot machine sales increased by 22%. Growth continued to be fuelled by the rollout of new slot machines/seats and promotional offerings.

Overall sales in all categories rose 13% during 2015/16 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. While lottery continues to be the largest contributor to Government revenue, generating \$11.5 billion in gross gaming profit during the year (64% of the total), betting on local and simulcast horseracing

continues to be a significant contributor to the gaming industry. Simulcast horseracing remains the primary contributor to gross revenue with a payout ratio of 65%.

### 2 Year Sector Performance Review

SALES	2015/16	2014/15	% change
<b>BETTING</b>			
<i>Bookmakers</i>			
Local Horseracing	1,695,239,343	1,774,822,872	-4.5%
Simulcast racing	957,139,949	1,069,916,116	-10.5%
Sports betting	1,482,370,464	1,165,051,174	27.2%
	<b>4,134,749,756</b>	<b>4,009,790,162</b>	<b>3.1%</b>
<i>Racing Promoter</i>			
Local Horseracing	2,613,964,467	2,389,406,402	9%
Simulcast racing	2,121,037,910	1,968,676,985	8%
	<b>4,735,002,377</b>	<b>4,358,083,387</b>	<b>8.6%</b>
<b>LOTTERY</b>	<b>34,860,308,170</b>	<b>36,134,702,426</b>	<b>-4%</b>
<b>GAMING</b>			
Gaming Lounges	90,448,615,918	73,737,842,532	23%
Non-gaming lounges	1,422,451,350	1,434,489,529	-1%
	<b>91,871,067,268</b>	<b>75,172,332,061</b>	<b>22%</b>
<b>TOTAL</b>	<b>135,601,127,572</b>	<b>119,674,908,036</b>	<b>13%</b>

Meanwhile, the gaming lounge segment showed the biggest expansion with the opening of new gaming facilities and increased gaming seats in new and existing gaming locations. Gaming on slot machines, a popular entertainment activity in Jamaica, especially in gaming lounges in St. Andrew, ranked 2<sup>nd</sup> amounting to \$4.2 billion or 24% of the total Declared Gross Profit for the sector.

Simultaneously, two new bookmakers entered the gaming industry offering fixed odds betting on sporting events. These new gaming products complement the popular brands *JustBet* and *Anybet*, and increased offerings to punters. The payout ratio for local sporting events averages 79% and 86% respectively. The continued growth in Sports betting is driven by new technologies and new betting platforms.

Within the gaming sector, gaming lounges recorded the highest sales with an average of 96% (1% increase over prior year) of monies played and returned to gamblers as winnings. The average payout for the betting sector is 75% while the average payout ratio for the lottery sector is 67%.

## Accumulated Sector Performance 2015/2016

	2015/16				2014/15			
	Sales	Payout/Prize Liability	Gross Profit/Weekly Gross Revenue	Payout (% of Sales)	Sales	Payout/Prize Liability	Gross Profit/Weekly Gross Revenue	Payout (% of Sales)
<b>BETTING</b>	8,869,752,134	6,691,547,543	2,178,204,590	75%	8,367,873,549	6,195,857,906	2,172,015,644	74%
<b>LOTTERY SECTOR</b>	34,860,308,170	23,403,874,766	11,456,433,404	67%	36,134,702,426	25,323,274,108	10,811,428,318	70%
<b>GAMING SECTOR</b>								
Gaming Lounges	90,448,615,918	86,380,431,558	4,068,184,360	96%	73,737,842,532	70,328,010,966	3,409,831,566	95%
Non-gaming lounges/Under 19s	1,422,451,350	1,300,053,793	122,397,557	91%	1,434,489,529	1,308,359,059	126,130,470	91%
	<b>91,871,067,268</b>	<b>87,680,485,351</b>	<b>4,190,581,917</b>	<b>95%</b>	<b>75,172,332,061</b>	<b>71,636,370,025</b>	<b>3,535,962,036</b>	<b>95%</b>
<b>GRAND TOTAL</b>	<b>135,601,127,572</b>	<b>117,775,907,660</b>	<b>17,825,219,912</b>	<b>87%</b>	<b>119,674,908,036</b>	<b>103,155,502,039</b>	<b>16,519,405,998</b>	<b>86%</b>

## Declared Gross Profit

Overall declared gross profit rose by 8% in 2015/16 [9% in 2014/15]. Weekly gross revenue from lottery increased by 6% contributing 88% of the total revenue earned by the Government of Jamaica (GoJ). Slot machine declared gross profit from non-gaming lounges marginally decreased; however gaming lounges continue to contribute 97% of the gross profit for the gaming sector.

Most of the growth in slot machine gross declared profit in recent years has been due to the proliferation of new machines/seats introduced, as older machines are being phased out by some gaming lounges, as well as the opening of new locations. 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

DECLARED GROSS PROFIT	2015/16	2014/15	% change
<b>BETTING</b>			
<i>Bookmakers</i>			
Local Horseracing	595,054,113	632,490,116	-5.9%
Simulcast racing	365,859,552	341,005,079	7.3%
Sports betting	201,369,715	286,367,157	-29.7%
	<b>1,162,283,380</b>	<b>1,259,862,352</b>	<b>-7.7%</b>
<i>Racing Promoter</i>			
Local Horseracing	290,129,708	257,334,172	13%
Simulcast racing	725,791,502	654,819,120	11%
	<b>1,015,921,210</b>	<b>912,153,292</b>	<b>11.4%</b>
<b>LOTTERY</b>	<b>11,456,433,404</b>	<b>10,804,221,174</b>	<b>6%</b>
<b>GAMING</b>			
Gaming Lounges	4,068,184,360	3,409,831,566	19%
Non-gaming lounges	122,397,557	126,130,470	-3%
	<b>4,190,581,917</b>	<b>3,535,962,036</b>	<b>19%</b>
<b>TOTAL</b>	<b>17,825,219,912</b>	<b>16,512,198,854</b>	<b>8%</b>

# Betting Sector

## Overview

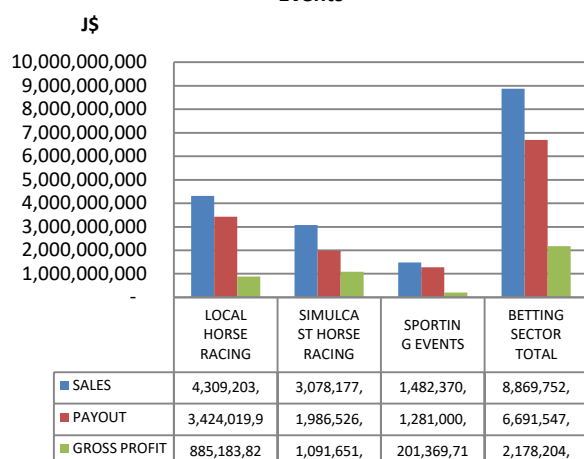
Betting includes bookmaking and pari-mutuel wagering on horseracing (local and simulcast) and other sporting events.

Sales on wagering totalled \$8.86 billion in 2015/16, generating gross gaming profit of \$2.178 billion with a payout of 75% to punters. This represented a 0.1% increase over the 2014/15 fiscal year.

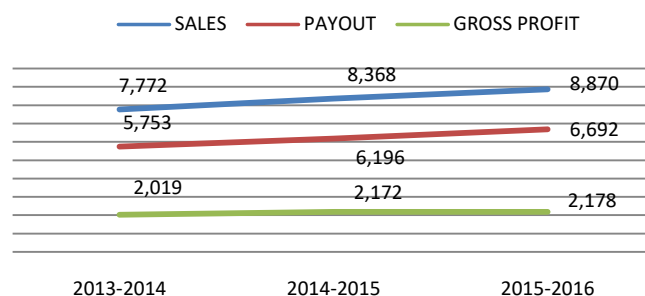
The Racing Promoter, Caymanas Track Limited (CTL) accounted for 53% of total sales with the remaining 47% from bookmakers. Horseracing being the dominant component of the betting market with \$1.977 billion in gross gaming revenues is controlled by CTL with the dominant bookmaker being Post to Post Betting (which also trades as Champion, Markham & Track Price Plus).

Bookmakers' contribution to gross profit represents 53% of the total generated by the betting sector (2013/14: 58%). One bookmaker, Olympic Data Services Limited, which operates within the Montego Bay Free Zone (offering sports betting) is not liable for payment of sports betting taxes and contributions and is not included in the betting sector statistics.

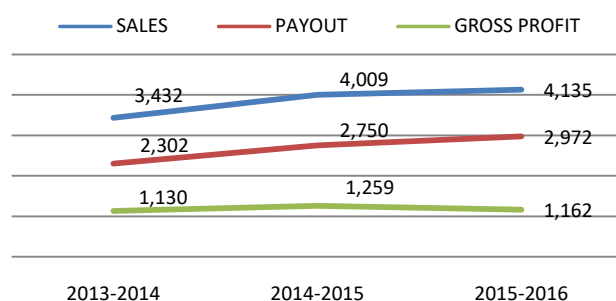
## Summary of Betting Sector Sales, Payout & Gross Profit 2015-2016 Local, Simulcast Horseracing and Sporting Events



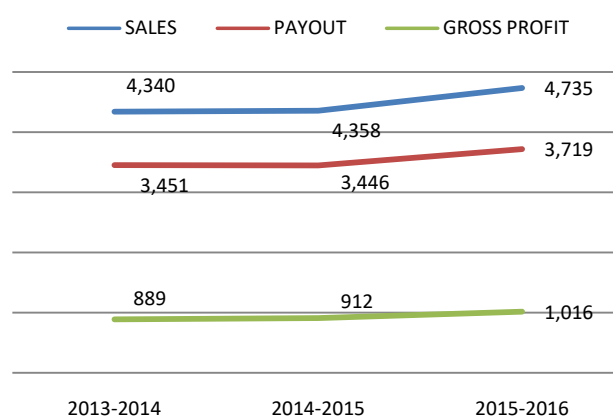
## Overall Betting Sector Performance



## Bookmakers' Performance



## Racing Promoter's Performance



## Taxes, Duties and Levies

Overall government revenue earned from the betting sector amounted to J\$265.4 million of which J\$257.3 million was collected, primarily from the bookmakers representing 96% while only 4% of the total tax liability due was paid by CTL.

BETTING SECTOR TAXES, DUTIES & LEVIES								
BOOKMAKERS - 2015/16								
	LOCAL RACING		SIMULCAST		SPORTING EVENTS		TOTAL	
	PAYABLE	COLLECTED	PAYABLE	COLLECTED	PAYABLE	COLLECTED	PAYABLE	COLLECTED
Consol. Fund	9,022,495	9,554,016	4,694,820	5,011,961	19,993,063	20,196,146	33,710,378	34,762,123
BGLC	14,981,090	23,647,796	7,824,698	8,341,290	2,856,153	3,394,594	25,661,941	35,383,680
JRC	74,905,447	118,299,868	39,123,498	41,766,306	-	-	114,028,945	160,066,174
CHASE	-	-	-	-	2,856,153	3,394,540	2,856,153	3,394,540
Total	98,909,032	151,501,680	51,643,016	55,119,557	25,705,369	26,985,281	176,257,417	233,606,518
RACING PROMOTER - 2015/16								
	LOCAL RACING		SIMULCAST		SPORTING EVENTS		TOTAL	
	PAYABLE	COLLECTED	PAYABLE	COLLECTED	PAYABLE	COLLECTED	PAYABLE	COLLECTED
Consol. Fund	5,802,595	9,677	14,453,068	-			20,255,663	9,677
BGLC	2,901,298	79,656	7,226,533	-			10,127,831	79,656
JRC	13,055,839	3,020,371	32,519,401	7,378,053			45,575,240	10,398,424
Total	21,759,732	3,109,704	54,199,002	7,378,053			75,958,734	10,487,757
SECTOR TOTAL	120,668,764	154,611,384	105,842,018	62,497,610	25,705,369	26,985,281	252,216,151	244,094,275

GOVERNMENT REVENUE EARNED FROM BETTING SECTOR				
	2015/16		2014/15	
	PAYABLE	COLLECTED	PAYABLE	COLLECTED
Levies:				
Consolidated Fund	53,966,041	34,771,800	52,927,195	34,215,746
BGLC	35,789,772	35,463,336	36,322,584	27,790,615
JRC	159,604,185	170,464,598	162,733,797	151,215,812
CHASE	2,856,153	3,394,540	2,863,672	1,866,460
Sub-total	252,216,151	244,094,275	254,847,248	215,088,633
BGLC - Unclaimed Winnings	5,450,040	5,450,040	5,802,000	5,802,000
BGLC - Permits & Licence Fees	7,838,000	7,838,000	6,899,000	6,899,000
TOTAL	265,504,191	257,382,315	267,548,248	227,789,633



### Performance of Bookmakers

Sales increased by 3% while gross profit recorded an 8% decrease year over year.

The Champion Betting brand continues to be the top performer followed by Track Price Plus and Markham. During the year, two (2) new bookmakers commenced sports betting operations: Island Sizzling Tech. Ja. Ltd trading as *Islandbet* and Jamozzie Investments Ltd trading as *BetCris*.

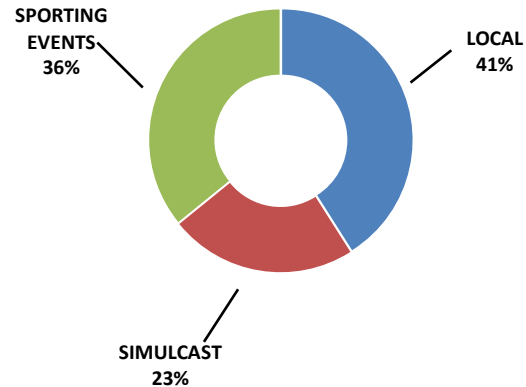
Prime Sports (Jamaica) Ltd only offers sports bet through its flagship brand *JustBet* while the Post to Post Betting Group of companies, trading as "Champion", "Markham" and "Track Price Plus", offers the *Anybet* brand.

Post to Post (Champion) Betting recorded the highest growth in sales and gross profit for 2015-2016 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 both products island-wide compared to the other bookmakers.

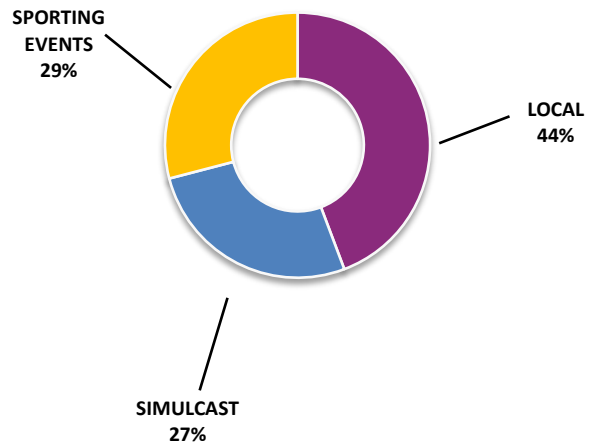
Additionally, local horseracing was further augmented by the reopening of Ideal Betting Company Ltd in April 2015. Ideal Betting Company took over the operations of Capital Wagering Ltd.

Although local and simulcast racing from bookmakers contributed 53% to the betting sector, the comparative sales decreased year over year due to closure of twelve (12) locations and the placement of CTL terminals in sixty (60) of the Post to Post Betting locations (as part of the Simulcast Wagering Agreement). These 60 locations became Off Track Betting Parlours which resulted in all bets offered by CTL being channelled through these terminals

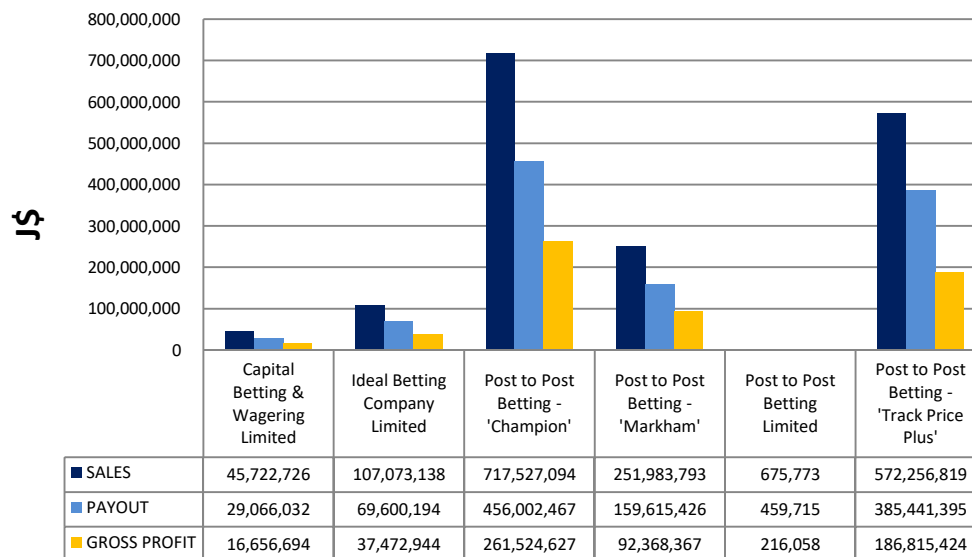
**Sales 2015-2016**



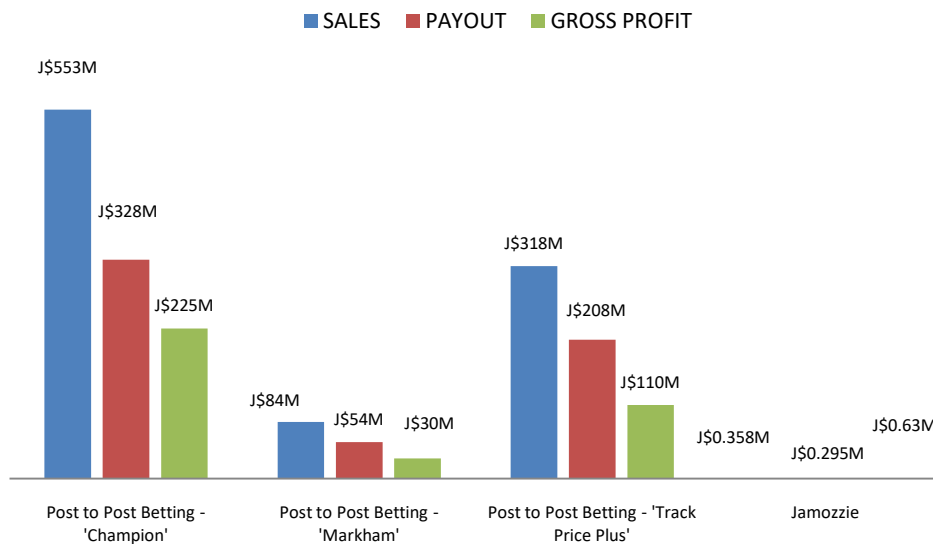
**Sales - 2014-2015**



### Sales, Payout And Gross Profit Local Horse Racing - 2015-2016



### Sales, Payout & Gross Profit Simulcast Racing - 2015-2016





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

	2015-2016			2014-2015			% CHANGE		
BOOKMAKERS	SALES	PAYOUT	GROSS PROFIT	SALES	PAYOUT	GROSS PROFIT	SALES	PAYOUT	GROSS PROFIT
Prime Sports Jamaica Limited	558,402,840	512,770,193	45,632,647	628,417,470	442,560,536	185,856,934	-11%	16%	-75%
Capital Betting & Wagering Limited	45,722,726	29,066,032	16,656,694	50,791,144	33,171,842	17,619,302	-10%	-12%	-5%
Caribbean Turf Service Limited	-	-	-	78,748,394	44,195,148	34,553,246	-100%	-100%	-
Post to Post Betting - 'Champion'	1,689,423,577	1,126,174,476	563,249,101	1,697,285,613	1,168,564,491	528,721,122	0%	-4%	7%
Ideal Betting Company Limited	107,073,138	69,600,194	37,472,944	-	-	-	100%	100%	100%
Post to Post Betting - 'Markham'	675,751,410	497,403,398	178,348,012	516,604,413	357,123,746	159,480,667	31%	39%	12%
Post to Post Betting Limited	675,773	459,715	216,058	749,676	503,714	245,962	-10%	-9%	-12%
Post to Post Betting - 'Track Price Plus'	1,007,308,538	681,762,699	325,545,839	1,037,193,453	703,808,335	333,385,118	-3%	-3%	-2%
Island Bet	31,394,054	40,239,633	8,845,578						
Jamozzie/BetCris	18,997,700	14,990,036	4,007,664						
<b>TOTAL</b>	<b>4,134,749,756</b>	<b>2,972,466,376</b>	<b>1,162,283,380</b>	<b>4,009,790,163</b>	<b>2,749,927,812</b>	<b>1,259,862,351</b>	<b>3%</b>	<b>8%</b>	<b>-8%</b>

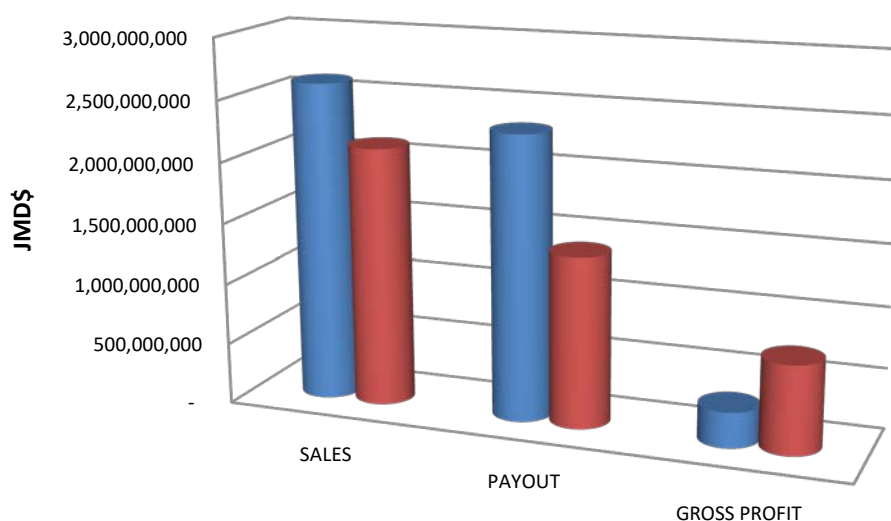
### Performance of Racing Promoter Caymanas Track Limited (CTL)

Local horseracing contributed 55% to earnings within the sector while simulcast races contributed 45%. Sales and payout in local horseracing were boosted in 2015 with the inaugural Diamond Mile Race meet in December 2015 which offered the largest purse of \$29 million in the English-speaking Caribbean.

The Diamond Mile total sales was approximately \$66.4 million with a payout of \$48 million. However, despite this boost in sales for local horseracing, simulcast racing accounted for the greater share of total (taxable) gross profit at 71% primarily due to lower payout ratios in comparison to local horseracing.

Nevertheless, CTL remains heavily indebted to the Commission with accumulated arrears totalling \$219.3 million for the period September 2011 to March 2016).

**Total Sales, Payout & Gross Profit of  
Racing Promoter - CTL**



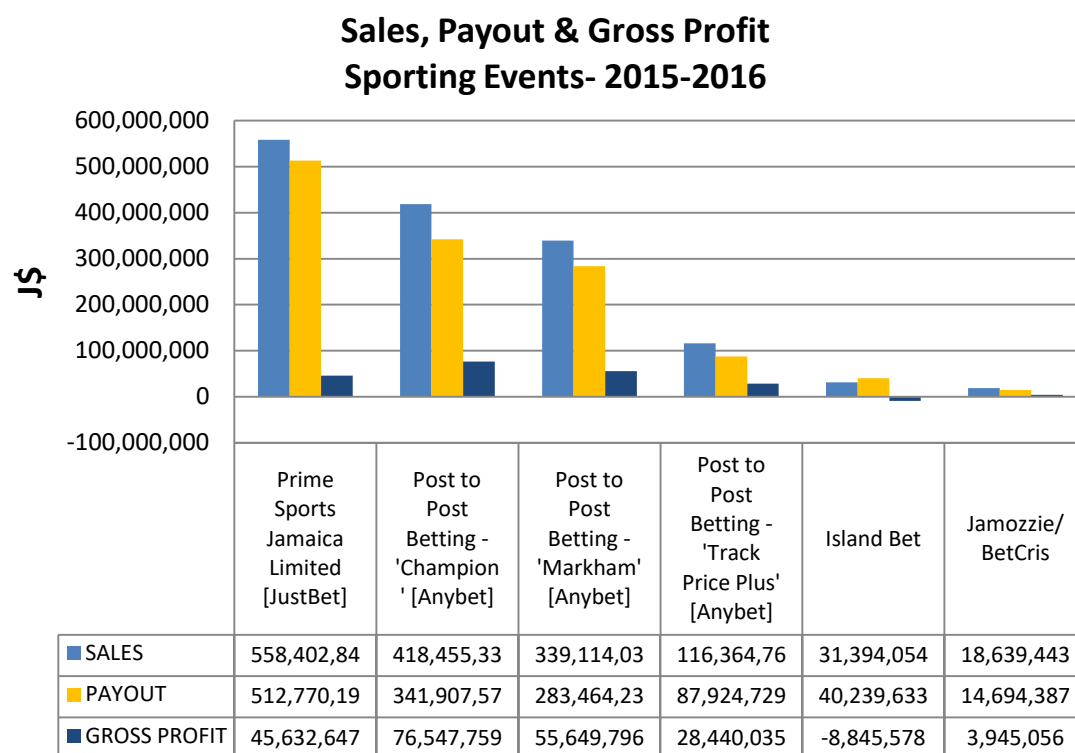
	SALES	PAYOUT	GROSS PROFIT
LOCAL HORSE RACING	2,613,964,467	2,323,834,759	290,129,708
SIMULCAST HORSE RACING	2,121,037,910	1,395,246,408	725,791,502

### ACCUMULATED INDEBTEDNESS OF RACING PROMOTER – CTL

	CONSOLIDATED FUND			BGLC			JRC			TOTAL		GRAND TOTAL
DATES	LOCAL RACING	SIMULCAST	TOTAL	LOCAL RACING	SIMULCAST	TOTAL	LOCAL RACING	SIMULCAST	TOTAL	LOCAL RACING	SIMULCAST	
FY 2015/2016	5,802,594.16	14,577,650.46	20,380,244.62	2,901,296.99	7,288,825.24	10,190,122.23	11,377,814.50	27,182,415.86	38,560,230.36	20,081,705.65	49,048,891.56	69,130,597.21
FY 2014/2015	7,046,817.67	13,306,775.42	20,353,593.09	3,052,733.83	5,569,435.43	8,622,169.26	7,530,490.47	7,195,655.95	14,726,146.42	17,630,041.97	26,071,866.80	43,701,908.77
FY 2013/2014	4,779,828.00	13,007,207.00	17,787,035.00	2,389,914.00	6,503,603.00	8,893,517.00	-	-	0.00	7,169,742.00	19,510,810.00	26,680,552.00
FY 2012/2013	3,901,895.84	11,206,551.75	15,108,447.59	1,876,130.57	5,603,275.88	7,479,406.45	5,093,340.38	17,448,175.84	22,541,516.22	10,871,366.79	34,258,003.47	45,129,370.26
Sep 2011 - Mar 2012	2,833,567.54	6,471,376.20	9,304,943.74	1,416,783.77	3,235,688.10	4,652,471.87	6,375,526.98	14,324,731.67	20,700,258.65	10,625,878.29	24,031,795.97	34,657,674.26
TOTAL	24,364,703.21	58,569,560.83	82,934,264.04	11,636,859.16	28,200,827.65	39,837,686.81	30,377,172.33	66,150,979.32	96,528,151.65	66,378,734.70	152,921,367.80	219,300,102.50

## Sports Betting

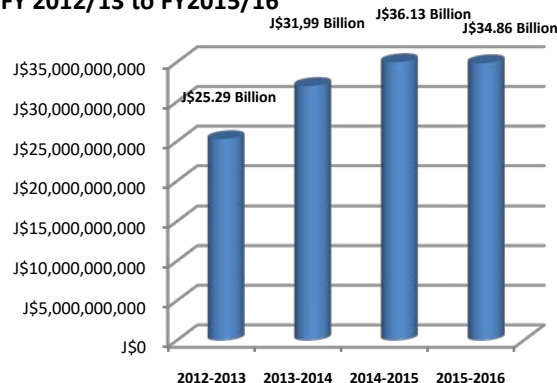
The Sports Betting brand, *Anybet*, dominated the sporting events category representing 59% of total sales while the *Justbet* brand accounted for 38% of the sports betting market. The dominance of *Anybet* could be attributed to competitive fixed odds.



## Lottery Sector

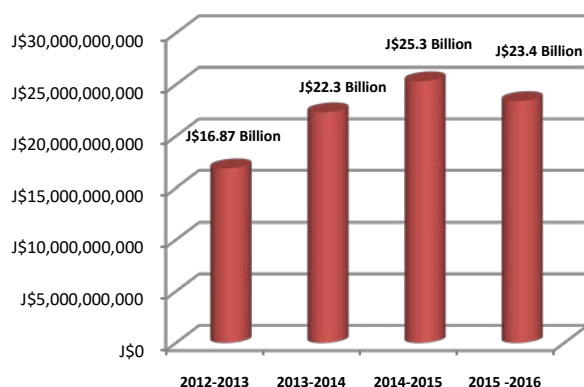
Government Revenue from the Lottery Sector was generated by Prime Sports (Jamaica) Limited (Supreme Ventures). Total sales generated amounted to J\$34.86 billion, a 4% decrease over 2014-2015, contributing \$5 billion in revenue to the Government. The Instant (Scratch and Win) game was discontinued in May 2015, while an additional 3:00 p.m. Cash Pot Draw was introduced in November 2015. All games showed a decrease in revenue except for Money Time which recorded a 75% increase. This game was introduced in October 2014.

**Trend in Lottery Sales**  
FY 2012/13 to FY2015/16



Total prize liability was J\$23.4 billion, a decrease of 8% over 2014/15 and represented 67% of sales (2014/15: 70% of sales). The Cash Pot game recorded the largest payout of J\$16.8 billion, followed by Money Time (\$2.8 billion) and Pick 3 (\$1.07 billion). The reduction in prize liability was directly attributed to lower game liabilities.

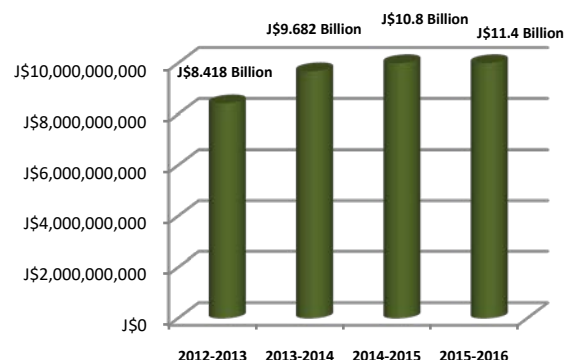
**Trend in Prize Liability**  
FY 2012-2013 to 2015-2016



### Weekly Gross Revenue

Weekly Gross Revenue increased by 8% when compared to the previous year primarily due to a reduction in prize liabilities and increased revenue in the Money Time game.

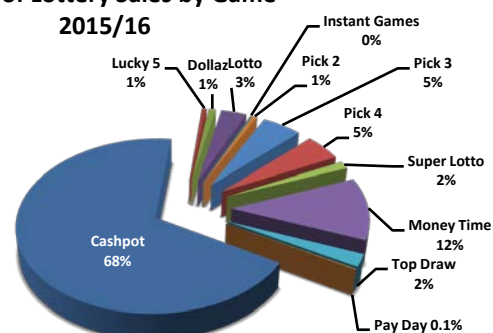
**Trend in Weekly Gross Revenue (WGR)**  
FY 2012/13 to FY2015/16



### Lottery Game Sales

The Cash Pot lottery game continues to be the market leader, contributing 68% of total sales followed by Money Time (12%), Pick 3 and Pick 4 (5% each), Lotto (3%), Top Draw (2%) and Super Lotto (2%). Only Money Time showed increased market share and revenue.

**Share of Lottery Sales by Game**  
2015/16



### Government Levy and Lottery Tax

Lottery taxes and lottery winnings levy totalled J\$2.339 billion and J\$0.3445 billion respectively. Lottery taxes increased by 6% over the previous year, while lottery winnings levy increased by 51%.

Super Lotto and Lotto Jackpot winners accounted for the increase in lottery winnings levy. The Lotto game recorded the largest jackpot winner of J\$395 million in May 2015 and a Super Lotto Jackpot winner from the island of St. Maarten with J\$260million/ USD\$2.17 million in winnings.

GAMES	Lottery Tax Rates (%)	2015 - 2016		2014 - 2015	
		PAYABLE	COLLECTED	PAYABLE	COLLECTED
Cashpot	20%	1,401,287,731	1,425,254,070	1,316,366,248	1,317,114,388
Lucky 5	20%	22,498,544	22,574,265	27,309,339	27,546,025
Pick 2	20%	18,955,632	19,081,688	22,772,774	22,785,640
Pick 3	20%	156,038,290	156,018,300	153,692,256	152,454,996
Pick 4	20%	175,118,830	171,511,842	172,722,382	173,746,498
Instant Games	20%	21,546	22,377	3,773,916	3,893,920
Super Lotto	25%	63,534,007	63,964,189	84,832,756	84,851,259
Dollaz	25%	35,078,179	35,148,246	35,204,032	35,730,616
Lotto	25%	142,134,036	144,601,620	158,696,406	156,630,994
Money Time	20%	255,970,560	255,104,566	145,569,192	138,647,012
Top Draw	20%	61,272,794	62,742,296	95,651,572	91,187,095
Pay Day	20%	7,374,840	6,394,240	-	-
<b>Sub-total</b>		<b>2,339,241,897</b>	<b>2,362,372,946</b>	<b>2,216,590,873</b>	<b>2,204,588,443</b>
<b>Lottery Winnings Levy (on winnings over \$15,000)</b>		<b>344,585,565</b>	<b>345,984,944</b>	<b>227,745,067</b>	<b>229,670,111</b>
<b>TOTAL</b>		<b>2,683,827,462</b>	<b>2,708,357,890</b>	<b>2,444,335,940</b>	<b>2,434,258,554</b>

### Contributions to Good Causes (CHASE Fund)

Contributions from all games amounted to J\$1.428 billion, a marginal decrease of 3% compared to the previous year.

	2015-2016					2014-2015			
	PAYABLE			COLLECTED		PAYABLE			COLLECTED
	GAMES	Contribution from Sales	From Unclaimed Prizes			TOTAL	GAMES	Contribution from Sales	
Cash Pot	870,183,667	59,018,716	929,202,383	895,035,904	Cash Pot	953,750,120	57,701,155	1,011,451,275	953,055,733
Lucky 5	8,049,502	3,288,772	11,338,274	8,214,162	Lucky 5	9,218,965	4,770,176	13,989,141	9,304,093
Pick 2	8,270,720	4,938,640	13,209,360	8,519,700	Pick 2	10,558,675	7,612,630	18,171,305	10,622,246
Pick 3	67,270,643	11,133,295	78,403,938	69,078,188	Pick 3	70,155,127	13,646,090	83,801,217	70,186,531
Pick 4	63,456,060	16,369,420	79,825,480	65,259,408	Pick 4	67,108,431	19,394,800	86,503,231	66,963,374
Instant Games	1,476,389	-	1,476,389	8,396	Instant Games	1,476,389	-	1,476,389	1,529,865
Super Lotto	18,358,681	8,131,610	26,490,291	19,130,160	Super Lotto	24,771,165	11,601,550	36,372,715	24,778,566
Dollaz	11,914,834	6,246,710	18,161,544	12,215,136	Dollaz	12,361,831	8,835,363	21,197,194	12,433,415
Lotto	43,232,436	14,435,081	57,667,517	47,128,278	Lotto	48,270,157	11,355,818	59,625,975	47,641,928
Money Time	149,195,477	13,421,850	162,617,327	152,332,150	Money Time	85,241,841	5,446,025	90,687,866	81,206,160
Top Draw	29,626,973	18,786,399	48,413,372	30,623,981	Top Draw	35,997,145	14,530,401	50,527,546	34,795,775
Pay Day	1,365,867	120	1,365,987	1,081,697					
	1,272,401,248	155,770,613	1,428,171,861	1,308,627,161		1,318,905,846	154,894,008	1,473,803,854	1,312,515,686
			Unclaimed prizes	167,416,372				Unclaimed prizes	144,013,735
			GRAND TOTAL	1,476,043,533				GRAND TOTAL	1,456,529,421

### Lottery Game Fees Payable to BGLC

Total fees payable to the BGLC decreased by 3% compared to prior year. Contribution from sales also decreased by 4%. There was however a marginal increase of 0.6% from unclaimed prizes.

GAMES	2015-2016				2014-2015			
	PAYABLE			COLLECTED	PAYABLE			COLLECTED
	Contribution from Sales	From Unclaimed Prizes	TOTAL		Contribution from Sales	From Unclaimed Prizes	TOTAL	
Cashpot	429,131,671	59,018,716	488,150,387	441,387,567	470,342,525	57,701,155	528,043,680	468,982,272
Lucky 5	3,969,617	3,288,772	7,258,389	3,920,163	4,546,339	4,770,176	9,316,515	4,679,084
Pick 2	4,078,711	4,938,640	9,017,351	4,211,445	5,207,018	7,612,630	12,819,648	5,337,138
Pick 3	33,174,564	11,133,295	44,307,859	34,106,743	34,597,049	13,646,090	48,243,139	34,691,216
Pick 4	31,293,399	16,369,420	47,662,819	32,371,002	33,094,569	19,394,800	52,489,369	33,076,206
Instant Games	728,082	-	728,082	3,933	728,082	-	728,082	790,794
Super Lotto	9,053,596	8,131,610	17,185,206	9,359,084	12,215,917	11,601,550	23,817,467	12,377,305
Dollaz	5,875,809	6,246,710	12,122,519	6,052,175	6,096,245	8,835,363	14,931,608	6,199,901
Lotto	21,320,105	14,435,081	35,755,186	22,893,621	23,804,461	11,355,818	35,160,279	22,716,749
Money Time	73,575,852	13,421,850	86,997,702	75,176,692	42,037,072	5,446,025	47,483,097	37,038,238
Top Draw	14,610,562	18,786,399	33,396,961	15,073,287	17,752,017	14,530,401	32,282,418	16,588,218
Pay Day	673,578	120	673,698	533,438	-	-	-	-
TOTAL	627,485,547	155,770,613	783,256,160	645,089,150	650,421,294	154,894,008	805,315,302	642,477,121
			Unclaimed Prizes	159,709,598			Unclaimed Prizes	142,314,022
			Licence Fees	43,929,975			Licence Fees	36,800,000
			GRAND TOTAL	848,728,723			GRAND TOTAL	821,591,143

# Gaming Sector

## Gaming & Non-gaming Lounges

Gaming lounges (20+ gaming machines) and non-gaming lounges (19 and under gaming machines) generated \$90.45 billion in sales, representing a 22% increase over 2014/15 with a declared gross profit of \$4.22 billion<sup>1</sup>. Total Government revenue earned amounted to \$473.9 million, up by 16%.

Sales totalling \$90.44 billion was generated by gaming lounges (combined 31 locations) with a declared gross profit of \$4.068 billion, while sales of \$1.422 billion was generated by 41 non-gaming lounges with a declared gross profit of \$153.7 million. Gaming lounges' average payout was 95.5%, up by 0.1%, while non-gaming lounges averaged a payout of 89%, a reduction of 2% over the review period.

The performance by the gaming sector, in particular gaming lounges, resulted from a combination of additional gaming seats in existing gaming lounges; the re-opening of the Vault/100 Gaming Lounge; bonus credit giveaways; and the attraction of multi-station gaming machines (Royal Ascot and Roulette).

The declared gross profit contributed by these lounges varies depending on the average payout. Macau Gaming ranked the highest in sales; however Everglades Farm (Monte Carlo) contributed the highest in Government revenue.

Government revenue totalling \$264.3 million was earned primarily in the parish of St. Andrew (62.6%), followed by St. James (24.1%) and St. Ann (9.4%).

## GAMING LOUNGE RANKING BY SALES

#	GAMING LOUNGES	# OF SLOT MACHINES	SALES	PAYOUT	DECLARED GROSS PROFIT	Payout as a % of Sales	CONSOLIDATED			TOTAL GOVERNMENT REVENUE
							FUND	BGLC	CHASE	
1	Macau Gaming	206	19,289,046,345	18,641,204,276	647,842,069	96.64%	42,109,735	16,196,052	6,478,421	64,784,207
2	Monte Carlo	225	16,566,342,577	15,574,042,101	992,300,476	94.01%	64,499,531	24,807,512	9,923,005	99,230,048
3	Treasure Hunt - Whitter Village	181	13,159,987,161	12,731,202,280	428,784,881	96.74%	27,871,017	10,719,622	4,287,849	42,878,488
4	Treasure Hunt - Kgn	130	8,738,728,611	8,488,868,156	249,860,455	97.14%	16,240,930	6,246,511	2,498,605	24,986,046
5	Mosino	210	6,135,937,357	5,918,508,684	217,428,674	96.46%	14,132,864	5,435,717	2,174,287	21,742,867
6	Acropolis Barbican	212	6,104,545,283	5,826,533,095	278,012,188	95.45%	18,070,792	6,950,305	2,780,122	27,801,219
7	Reno Gaming	150	5,811,641,496	5,487,646,807	323,994,689	94.43%	21,059,655	8,099,867	3,239,947	32,399,469
8	"100" Vault Gaming	150	5,318,414,648	5,086,802,289	231,612,359	95.65%	15,054,803	5,790,309	2,316,124	23,161,236
9	Vegas - Bogue	43	2,218,536,707	2,077,288,063	141,248,644	93.63%	9,181,162	3,531,216	1,412,486	14,124,864
10	Vegas - Kgn	50	1,635,191,339	1,512,770,200	122,421,138	92.51%	7,957,374	3,060,528	1,224,211	12,242,114

<sup>1</sup> Revenue from gaming machines/seats is based on slot machine soft meter readings. Slot machines imported into Jamaica which are certified by an international gaming laboratory are monitored monthly for such readings in gaming lounges and non-gaming lounges.

**COMPARATIVE SALES, PAYOUT AND GROSS PROFITS**

SALES	Gaming Lounges (20 & Over)	Non-Gaming Lounges (19 & Under)	TOTAL SALES
<b>2015/16</b>	90,448,615,918	1,422,451,350	91,871,067,268
<b>2014/15</b>	73,737,842,532	1,434,558,489	75,172,401,021
<b>2013/14</b>	57,217,432,096	744,961,987	57,962,394,083
PAYOUT	Gaming Lounges (20 & Over)	Non-Gaming Lounges (19 & Under)	TOTAL PAYOUT
<b>2015/16</b>	86,380,431,558	1,268,742,828	87,649,174,386
<b>2014/15</b>	70,328,010,966	1,308,415,869	71,636,426,835
<b>2013/14</b>	53,793,950,972	678,314,003	54,472,264,975
GROSS PROFIT	Gaming Lounges (20 and Over)	Non-Gaming Lounges (19 & Under)	TOTAL GROSS PROFIT
<b>2015/16</b>	4,068,184,360	153,708,522	4,221,892,882
<b>2014/15</b>	3,409,831,566	126,142,620	3,535,974,186
<b>2013/14</b>	3,423,481,124	66,647,984	3,490,129,108

**SUMMARY OF GROSS PROFIT LEVY, CONTRIBUTION & FEES - 2015/16**

	CONSOL FUND		BGLC		CHASE		TOTAL	
	Payable	Collected	Payable	Collected	Payable	Collected	Payable	Collected
	6.5%		2.5%		1%			
<b>Gaming Lounges</b>	264,431,983	251,483,686	101,704,609	98,515,394	40,681,844	39,262,261	406,818,436	389,261,341
<b>19 &amp; Under Machine Operators</b>	9,991,054	6,215,313	3,842,713	2,022,602	1,537,085	807,012	15,370,852	9,044,927
<b>TOTAL</b>	<b>274,423,037</b>	<b>257,698,999</b>	<b>105,547,322</b>	<b>100,537,996</b>	<b>42,218,929</b>	<b>40,069,273</b>	<b>422,189,288</b>	<b>398,306,268</b>
<b>Gaming Lounge Levies &amp; Fees</b>	20,091,750	20,091,750	31,605,700	31,605,700	-	-	51,697,450	51,697,450
<b>GRAND TOTAL</b>	<b>294,514,787</b>	<b>277,790,749</b>	<b>137,153,022</b>	<b>132,143,696</b>	<b>42,218,929</b>	<b>40,069,273</b>	<b>473,886,738</b>	<b>450,003,718</b>



## SUMMARY OF REVENUE BY PARISH - 2015/2016

		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	1076	2,615,043,504	261,504,350	64.3%	74	28,278,178	2,827,818	18.4%	1150	2,643,321,682	264,332,168	62.6%
2	St. James	587	955,961,749	95,596,175	23.5%	34	59,670,393	5,967,039	38.8%	621	1,015,632,142	101,563,214	24.1%
3	St. Ann	348	397,814,957	39,781,496	9.8%	-	-	-	-	348	397,814,957	39,781,496	9.4%
4	Hanover	96	56,587,637	5,658,764	1.4%	77	23,578,279	2,357,828	15.3%	173	80,165,916	8,016,592	1.9%
5	St Catherine	80	30,046,835	3,004,684	0.7%	11	2,195,650	219,565	1.4%	91	32,242,485	3,224,249	0.8%
6	Westmoreland	56	12,729,678	1,272,968	0.3%	75	26,661,379	2,666,138	17.3%	131	39,391,057	3,939,106	0.9%
7	St. Mary	-	-	-	-	34	7,494,095	749,410	4.9%	34	7,494,095	749,410	0.2%
8	Manchester	-	-	-	-	31	3,870,599	387,060	2.5%	31	3,870,599	387,060	0.1%
9	Kingston	-	-	-	-	14	586,378	58,638	0.4%	14	586,378	58,638	0.0%
10	St. Thomas	-	-	-	-	7	9,030	903	0.0%	7	9,030	903	0.0%
11	Portland	-	-	-	-	5	1,364,540	136,454	0.9%	5	1,364,540	136,454	0.03%
	<b>TOTAL</b>	<b>2243</b>	<b>4,068,184,360</b>	<b>406,818,436</b>	<b>100%</b>	<b>362</b>	<b>153,708,522</b>	<b>15,370,852</b>	<b>100%</b>	<b>2,605</b>	<b>4,221,892,882</b>	<b>422,189,288</b>	<b>100%</b>

## SUMMARY OF GAMING LOUNGE PERFORMANCE - 2014/2015

PERFORMANCE OF GAMING LOUNGES - 2015/2016						GROSS PROFIT TAX			
GAMING LOUNGES	# OF SLOT MACHINE S	SALES	PAYOUT	DECLARE D GROSS PROFIT	PAYOU T AS A % OF SALES	CONSOL FUND	BGLC	CHASE	TOTAL GOVERNMENT REVENUE
						6.50%	2.50%	1%	
<b>ST. ANDREW</b>									
Christelles	48	650,504,965	599,293,783	51,211,182	92.13%	3,328,727	1,280,280	512,112	5,121,118
Monte Carlo	225	16,566,342,577	15,574,042,101	992,300,476	94.01%	64,499,531	24,807,512	9,923,005	99,230,048
Vegas - Kingston	50	1,635,191,339	1,512,770,200	122,421,138	92.51%	7,957,374	3,060,528	1,224,211	12,242,114
Macau Gaming	206	19,289,046,345	18,641,204,276	647,842,069	96.64%	42,109,735	16,196,052	6,478,421	64,784,207
Acropolis Barbican	212	6,104,545,283	5,826,533,095	278,012,188	95.45%	18,070,792	6,950,305	2,780,122	27,801,219
Acropolis Cross Roads	8	617,139,759	582,613,762	34,525,997	94.41%	2,244,190	863,150	345,260	3,452,600
Acropolis May Pen	19	50,095,361	45,411,499	4,683,862	90.65%	304,451	117,097	46,839	468,386
Ice Jamaica Limited - Acropolis Cross Roads	25	75,827,874	73,282,013	2,545,862	96.64%	165,481	63,647	25,459	254,586
Treasure Hunt - Kingston	130	8,738,728,611	8,488,868,156	249,860,455	97.14%	16,240,930	6,246,511	2,498,605	24,986,046
Vault /100 Gaming	150	5,318,414,648	5,086,802,289	231,612,359	95.65%	15,054,803	5,790,309	2,316,124	23,161,236
El Rancho	3	543,978	516,063	27,915	94.87%	1,814	698	279	2,792
<b>TOTAL</b>	<b>1076</b>	<b>59,046,380,739</b>	<b>56,431,337,236</b>	<b>2,615,043,504</b>	<b>95.57%</b>	<b>169,977,828</b>	<b>65,376,088</b>	<b>26,150,435</b>	<b>261,504,350</b>
<b>ST. CATHERINE</b>									
Rajmaville	80	283,926,628	253,879,793	30,046,835	89.42%	1,953,044	751,171	300,468	3,004,684
<b>TOTAL</b>	<b>80</b>	<b>283,926,628</b>	<b>253,879,793</b>	<b>30,046,835</b>	<b>89.42%</b>	<b>1,953,044</b>	<b>751,171</b>	<b>300,468</b>	<b>3,004,684</b>

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

PERFORMANCE OF GAMING LOUNGES - 2015/2016						GROSS PROFIT TAX			
GAMING LOUNGES	# OF SLOT MACHINES	SALES	PAYOUT	DECLARED GROSS PROFIT	PAYOUT AS A % OF SALES	CONSOL FUND	BGLC	CHASE	TOTAL GOVERNMENT REVENUE
<b>ST. ANN</b>						<b>6.50%</b>	<b>2.50%</b>	<b>1%</b>	
Reno Gaming	150	5,811,641,496	5,487,646,807	323,994,689	94.43%	21,059,655	8,099,867	3,239,947	<b>32,399,469</b>
Bahia Principe	14	65,527,924	56,486,152	9,041,772	86.20%	587,715	226,044	90,418	<b>904,177</b>
Riu Ocho Rios	40	327,060,754	296,517,349	30,543,405	90.66%	1,985,321	763,585	305,434	<b>3,054,341</b>
Room on the Beach	9	1,262,342	989,549	272,793	78.39%	17,732	6,820	2,728	<b>27,279</b>
Club Jamaica	135	523,361,965	489,399,667	33,962,297	93.51%	2,207,549	849,057	339,623	<b>3,396,230</b>
<b>TOTAL</b>	<b>348</b>	<b>6,728,854,481</b>	<b>6,331,039,524</b>	<b>397,814,957</b>	<b>94.09%</b>	<b>25,857,972</b>	<b>9,945,374</b>	<b>3,978,150</b>	<b>39,781,496</b>
<b>ST. JAMES</b>									
Vegas - Bogue	43	2,218,536,707	2,077,288,063	141,248,644	93.63%	9,181,162	3,531,216	1,412,486	<b>14,124,864</b>
Treasure Hunt - Whitter Village	181	13,159,987,161	12,731,202,280	428,784,881	96.74%	27,871,017	10,719,622	4,287,849	<b>42,878,488</b>
Mosino	210	6,135,937,357	5,918,508,684	217,428,674	96.46%	14,132,864	5,435,717	2,174,287	<b>21,742,867</b>
Riu Club - Montego Bay	34	499,053,067	461,011,127	38,041,940	92.38%	2,472,726	951,049	380,419	<b>3,804,194</b>
Sunscape Splash	39	472,695,728	436,042,210	36,653,518	92.25%	2,382,479	916,338	366,535	<b>3,665,352</b>
Holiday Inn	21	271,736,034	245,764,604	25,971,429	90.44%	1,688,143	649,286	259,714	<b>2,597,143</b>
Iberostar	26	323,246,213	294,817,359	28,428,854	91.21%	1,847,876	710,721	284,289	<b>2,842,885</b>
Secrets	33	560,226,651	520,822,843	39,403,808	92.97%	2,561,248	985,095	394,038	<b>3,940,381</b>
<b>TOTAL</b>	<b>587</b>	<b>23,641,418,918</b>	<b>22,685,457,169</b>	<b>955,961,749</b>	<b>95.96%</b>	<b>62,137,514</b>	<b>23,899,044</b>	<b>9,559,617</b>	<b>95,596,175</b>

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

PERFORMANCE OF GAMING LOUNGES - 2015/2016						GROSS PROFIT TAX			
GAMING LOUNGES	# OF SLOT MACHINES	SALES	PAYOUT	DECLARED GROSS PROFIT	PAYOUT AS A % OF SALES	CONSOL FUND	BGLC	CHASE	TOTAL GOVERNMENT REVENUE
<b>HANOVER</b>						6.50%	2.50%	1%	
Riu Tropical Bay	20	87,056,171	77,720,440	9,335,732	89.28%	606,823	233,393	93,357	933,573
Grand Palladium	53	507,931,615	462,103,406	45,828,209	90.98%	2,978,834	1,145,705	458,282	4,582,821
Hedonism 11	23	13,864,426	12,440,729	1,423,696	89.73%	92,540	35,592	14,237	142,370
<b>TOTAL</b>	<b>96</b>	<b>608,852,212</b>	<b>552,264,575</b>	<b>56,587,637</b>	<b>90.71%</b>	<b>3,678,196</b>	<b>1,414,691</b>	<b>565,876</b>	<b>5,658,764</b>
<b>WESTMORELAND</b>									
Couples Negril	8	36,570,105	33,613,898	2,956,207	91.92%	192,153	73,905	29,562	295,621
Couples Swept Away	26	69,099,855	63,028,076	6,071,779	91.21%	394,666	151,794	60,718	607,178
Riu Negril	22	33,512,980	29,811,287	3,701,693	88.95%	240,610	92,542	37,017	370,169
<b>TOTAL</b>	<b>56</b>	<b>139,182,940</b>	<b>126,453,262</b>	<b>12,729,678</b>	<b>90.85%</b>	<b>827,429</b>	<b>318,242</b>	<b>127,297</b>	<b>1,272,968</b>
<b>GRAND TOTAL</b>	<b>2243</b>	<b>90,448,615,918</b>	<b>86,380,431,558</b>	<b>4,068,184,360</b>	<b>95.50%</b>	<b>264,431,983</b>	<b>101,704,609</b>	<b>40,681,844</b>	<b>406,818,436</b>

## SUMMARY OF NON-GAMING LOUNGE (19 & UNDER) PERFORMANCE – 2015/2016

PERFORMANCE OF NON-GAMING LOUNGES - 2015-2016						GROSS PROFIT TAX			
UNDER 19s GAMING LOCATIONS	# OF SLOT MACHINES	SALES	PAYOUT	DECLARED GROSS PROFIT	PAYOUT AS A % OF SALES	CONSOL FUND	BGLC	CHASE	TOTAL GOVERNMENT REVENUE
						6.50%	2.50%	1%	
<b>ST. JAMES</b>									
B-Games & Bar	10	132,963,214	91,046,803	41,916,411	68.48%	2,724,567	1,047,910	419,164	4,191,641
T & B Games Room	5	35,784,224	30,782,212	5,002,012	86.02%	325,131	125,050	50,020	500,201
Game Time	19	202,904,740	190,152,770	12,751,970	93.72%	828,878	318,799	127,520	1,275,197
<b>TOTAL</b>	<b>34</b>	<b>371,652,178</b>	<b>311,981,785</b>	<b>59,670,393</b>	<b>83.94%</b>	<b>3,878,576</b>	<b>1,491,760</b>	<b>596,704</b>	<b>5,967,039</b>
<b>HANOVER</b>	-								
Devon's Place	10	309,040	271,090	37,950	87.72%	2,467	949	380	3,795
Red Boar	4	2,682,900	2,536,140	146,760	94.53%	9,539	3,669	1,468	14,676
Hallet Bar	5	3,807,170	3,230,340	576,830	84.85%	37,494	14,421	5,768	57,683
Lava Lounge	14	59,126,330	52,980,040	6,146,290	89.60%	399,509	153,657	61,463	614,629
Lucky 7 Games Room	5	454,010	368,460	85,550	81.16%	5,561	2,139	856	8,555
Lucky 8 Games Room	16	133,119,320	120,404,446	12,714,874	90.45%	826,467	317,872	127,149	1,271,487
Shauna's Pub	13	21,845,850	19,089,760	2,756,090	87.38%	179,146	68,902	27,561	275,609
Evan's Bar	5	6,434,330	5,442,310	992,020	84.58%	64,481	24,801	9,920	99,202
Upper Deck Games Hall	5	1,293,330	1,171,415	121,915	90.57%	7,924	3,048	1,219	12,192
<b>TOTAL</b>	<b>77</b>	<b>229,072,280</b>	<b>205,494,001</b>	<b>23,578,279</b>	<b>89.71%</b>	<b>1,532,588</b>	<b>589,457</b>	<b>235,783</b>	<b>2,357,828</b>

## SUMMARY OF 19 & UNDER PERFORMANCE – 2015/2016 (Cont'd)

PERFORMANCE OF NON-GAMING LOUNGES - 2015-2016						GROSS PROFIT TAX			
UNDER 19s GAMING LOCATIONS	# OF SLOT MACHINES	SALES	PAYOUT	DECLARED GROSS PROFIT	PAYOUT AS A % OF SALES	CONSOL FUND	BGLC	CHASE	TOTAL GOVERNMENT REVENUE
						6.50%	2.50%	1%	
<b>WESTMORELAND</b>									
Paradise Gaming	19	131,832,740	121,387,700	10,445,040	92.08%	678,928	261,126	104,450	<b>1,044,504</b>
P & M Sports Bar	8	137,393,853	129,894,785	7,499,068	94.54%	487,439	187,477	74,991	<b>749,907</b>
Krazy 8	19	93,524,135	88,062,320	5,461,815	94.16%	355,018	136,545	54,618	<b>546,182</b>
E.W. Fisheries	5	3,272,560	2,885,860	386,700	88.18%	25,136	9,668	3,867	<b>38,670</b>
Fire & Ice Sports Bar	7	28,905,940	26,783,220	2,122,720	92.66%	137,977	53,068	21,227	<b>212,272</b>
Joy's Beer Joint	8	5,642,948	5,016,802	626,146	88.90%	40,700	15,654	6,261	<b>62,615</b>
007 Sports Bar	5	261,950	263,510	-1,560	100.60%	-101	-39	-16	<b>-156</b>
King Kong Sports Bar & Grill	4	872,820	751,370	121,450	86.09%	7,894	3,036	1,215	<b>12,145</b>
<b>TOTAL</b>	<b>75</b>	<b>401,706,946</b>	<b>375,045,567</b>	<b>26,661,379</b>	<b>93.36%</b>	<b>1,732,990</b>	<b>666,534</b>	<b>266,614</b>	<b>2,666,138</b>
<b>ST. MARY</b>									
Golden Nuggette Gaming Lounge	17	30,615,630	27,957,495	2,658,135	91.32%	172,779	66,453	26,581	<b>265,814</b>
Purple Rock Gaming	17	46,743,597	41,907,637	4,835,960	89.65%	314,337	120,899	48,360	<b>483,596</b>
<b>TOTAL</b>	<b>34</b>	<b>77,359,227</b>	<b>69,865,132</b>	<b>7,494,095</b>	<b>90.31%</b>	<b>487,116</b>	<b>187,352</b>	<b>74,941</b>	<b>749,410</b>
<b>PORTLAND</b>									
Irie Vibes Sports Bar	5	10,020,760	8,656,220	1,364,540	86.38%	88,695	34,114	13,645	<b>136,454</b>
<b>TOTAL</b>	<b>5</b>	<b>10,020,760</b>	<b>8,656,220</b>	<b>1,364,540</b>	<b>86.38%</b>	<b>88,695</b>	<b>34,114</b>	<b>13,645</b>	<b>136,454</b>

## SUMMARY OF 19 & UNDER PERFORMANCE – 2015/2016 (Cont'd)

PERFORMANCE OF NON-GAMING LOUNGES - 2015-2016						GROSS PROFIT TAX			
UNDER 19s GAMING LOCATIONS	# OF SLOT MACHINES	SALES	PAYOUT	DECLARED GROSS PROFIT	PAYOUT AS A % OF SALES	CONSOL FUND	BGLC	CHASE	TOTAL GOVERNMENT REVENUE
						6.50%	2.50%	1%	
<b>ST. ANDREW</b>									
Lotto Super Store	19	131,817,160	117,497,080	14,320,080	89.14%	930,805	358,002	143,201	<b>1,432,008</b>
Guinness Basement Pub	7	26,881,440	24,566,060	2,315,380	91.39%	150,500	57,885	23,154	<b>231,538</b>
Uptown Pub	14	80,991,240	73,036,570	7,954,670	90.18%	517,054	198,867	79,547	<b>795,467</b>
Ice Jamaica - Jamcel #2	4	776,827	722,305	54,522	92.98%	3,544	1,363	545	<b>5,452</b>
Ice Jamaica - Sispel Sports Betting	5	6,145,506	5,898,559	246,947	95.98%	16,052	6,174	2,469	<b>24,695</b>
Ice Jamaica - Lower Waltham OTB	4	59,790	51,879	7,911	86.77%	514	198	79	<b>791</b>
Silver Top Tavern	9	11,573,055	10,285,370	1,287,685	88.87%	83,700	32,192	12,877	<b>128,769</b>
Ramdeen's Bar	4	8,281,405	7,286,150	995,255	87.98%	64,692	24,881	9,953	<b>99,526</b>
I.C.E - Acropolis Barbican Social Space	3	3,461,594	2,373,470	1,088,124	68.57%	70,728	27,203	10,881	<b>108,812</b>
Ice Jamaica - Win - A - Fortune	5	33,400	25,795	7,605	77.23%	494	190	76	<b>761</b>
<b>TOTAL</b>	<b>74</b>	<b>270,021,417</b>	<b>241,743,238</b>	<b>28,278,178</b>	<b>89.53%</b>	<b>1,838,082</b>	<b>706,954</b>	<b>282,782</b>	<b>2,827,818</b>
<b>KINGSTON</b>									
Turkey's Hang Out	9	6,138,315	5,557,860	580,455	90.54%	37,730	14,511	5,805	<b>58,046</b>
Ice Jamaica - Orange Street OTB	5	32,113	26,190	5,923	81.55%	385	148	59	<b>592</b>
<b>TOTAL</b>	<b>14</b>	<b>6,170,428</b>	<b>5,584,050</b>	<b>586,378</b>	<b>90.50%</b>	<b>38,115</b>	<b>14,659</b>	<b>5,864</b>	<b>58,638</b>

### SUMMARY OF 19 & UNDER PERFORMANCE – 2015/2016 (Cont'd)

PERFORMANCE OF NON-GAMING LOUNGES - 2015-2016						GROSS PROFIT TAX			
UNDER 19s GAMING LOCATIONS	# OF SLOT MACHINES	SALES	PAYOUT	DECLARED GROSS PROFIT	PAYOUT AS A % OF SALES	CONSOL FUND	BGLC	CHASE	TOTAL GOVERNMENT REVENUE
						6.50%	2.50%	1%	
<b>ST. CATHERINE</b>									
Super Gaming Store	11	18,127,140	15,931,490	2,195,650	87.89%	142,717	54,891	21,957	219,565
<b>TOTAL</b>	<b>11</b>	<b>18,127,140</b>	<b>15,931,490</b>	<b>2,195,650</b>	<b>87.89%</b>	<b>142,717</b>	<b>54,891</b>	<b>21,957</b>	<b>219,565</b>
<b>ST. THOMAS</b>									
Jewel Sports Bar	7	77,520	68,490	9,030	88.35%	587	226	90	903
<b>TOTAL</b>	<b>7</b>	<b>77,520</b>	<b>68,490</b>	<b>9,030</b>	<b>88.35%</b>	<b>587</b>	<b>226</b>	<b>90</b>	<b>903</b>
<b>MANCHESTER</b>									
Butterfly Lounge Green	3	5,694,600	5,359,570	335,030	94.12%	21,777	8,376	3,350	33,503
Butterfly Lounge Finclair	4	10,884,580	9,447,690	1,436,890	86.80%	93,398	35,922	14,369	143,689
Street Image	15	21,531,955	19,387,096	2,144,859	90.04%	139,416	53,621	21,449	214,486
G - Jaggs	9	132,320	178,500	-46,180	134.90%	-3,002	-1,155	-462	-4,618
<b>TOTAL</b>	<b>31</b>	<b>38,243,455</b>	<b>34,372,856</b>	<b>3,870,599</b>	<b>89.88%</b>	<b>251,589</b>	<b>96,765</b>	<b>38,706</b>	<b>387,060</b>
<b>GRAND TOTAL</b>	<b>331</b>	<b>1,422,451,350</b>	<b>1,268,742,828</b>	<b>153,708,522</b>	<b>89.19%</b>	<b>9,991,054</b>	<b>3,842,713</b>	<b>1,537,085</b>	<b>15,370,852</b>



### 3-YEAR SUMMARY OF GOVERNMENT REVENUE PAYABLE & COLLECTED

GOVERNMENT REVENUE PAYABLE & COLLECTED	Consolidated Fund			BGLC			CHASE			JRC			GRAND TOTAL		
	\$M			\$M			\$M			\$M			\$M		
	2015/16	2014/15	2013/14	2015/16	2014/15	2013/14	2015/16	2014/15	2013/14	2015/16	2014/15	2013/14	2015/16	2014/15	2013/14
<b>BETTING SECTOR</b>															
<b>Bookmakers</b>															
Local & Simulcast Racing	13.7	14.6	89.0	22.8	24.3	29.0	-	-	-	114.0	121.7	44.0	150.6	160.6	162.0
Sports Betting	20.0	20.0	10.0	2.9	2.9	1.0	2.9	2.9	1.0	-	-	-	25.7	25.8	12.0
Unclaimed Winnings	-	-	-	5.5	5.8	3.0	-	-	-	-	-	-	5.5	5.8	3.0
Bookmakers Permit & Licence Fees	-	-	-	7.8	6.9	10.7	-	-	-	-	-	-	7.8	6.9	10.7
<b>Racing Promoter - Taxes</b>	20.3	18.2	18.0	10.1	9.1	9.1	-	-	-	45.6	41.0	41.0	76.0	68.3	68.1
<b>Total - Betting Payable</b>	<b>54.0</b>	<b>52.8</b>	<b>117.0</b>	<b>49.1</b>	<b>49.0</b>	<b>52.8</b>	<b>2.9</b>	<b>2.9</b>	<b>1.0</b>	<b>159.6</b>	<b>162.7</b>	<b>85.0</b>	<b>265.5</b>	<b>267.4</b>	<b>255.8</b>
<b>Total - Betting Collected</b>	<b>34.7</b>	<b>34.2</b>	<b>101.0</b>	<b>48.8</b>	<b>40.5</b>	<b>32.0</b>	<b>3.4</b>	<b>1.9</b>	<b>0.8</b>	<b>170.5</b>	<b>151.2</b>	<b>85.0</b>	<b>257.3</b>	<b>227.8</b>	<b>218.8</b>
<b>LOTTERY SECTOR</b>															
Lottery Taxes & Lottery Tax Winning Levy	2683.8	2444.3	1964.0	627.5	650.4	572.0	1272.4	1318.9	1143.7	-	-	-	4583.7	4413.6	3679.7
Unclaimed Winnings	-	-	-	155.8	154.9	154.0	155.8	154.6	154.6	-	-	-	311.5	309.5	308.6
Lottery Licence Fees	-	-	-	43.9	36.8	37.0	-	-	-	-	-	-	43.9	36.8	37.0
<b>Total - Lottery Payable</b>	<b>2683.8</b>	<b>2444.3</b>	<b>1964.0</b>	<b>827.2</b>	<b>842.1</b>	<b>763.0</b>	<b>1428.2</b>	<b>1473.5</b>	<b>1298.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4939.2</b>	<b>4759.9</b>	<b>4025.3</b>
<b>Lottery taxes - Collected</b>	<b>2339.2</b>	<b>1974.8</b>	<b>1941.5</b>	<b>645.1</b>	<b>642.5</b>	<b>571.9</b>	<b>1308.6</b>	<b>1312.5</b>	<b>1154.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4293.0</b>	<b>3929.8</b>	<b>3667.4</b>
<b>Lottery Winnings Levy - Collected</b>	<b>344.6</b>	<b>229.7</b>	<b>237.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>344.6</b>	<b>229.7</b>	<b>237.0</b>
<b>Unclaimed Winnings - Collected</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>159.7</b>	<b>142.3</b>	<b>154.6</b>	<b>167.4</b>	<b>144.0</b>	<b>154.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>327.1</b>	<b>286.3</b>	<b>308.6</b>
<b>Lottery Games Licence Fees - Collected</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43.9</b>	<b>36.8</b>	<b>37.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43.9</b>	<b>36.8</b>	<b>37.2</b>
<b>Total - Lottery - Collected</b>	<b>2683.8</b>	<b>2204.5</b>	<b>2178.5</b>	<b>848.7</b>	<b>821.6</b>	<b>763.7</b>	<b>1476.0</b>	<b>1456.5</b>	<b>1308.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>5008.6</b>	<b>4482.6</b>	<b>4250.2</b>
<b>GAMING SECTOR</b>															
Gaming Machine Levies & Fees	20.1	19.8	19.0	31.6	36.7	35.0	-	-	-	-	-	-	51.7	56.5	54.0
Levies, Gross Profit Taxes & Contribution to Good Cause	274.4	229.8	227.0	105.5	88.4	87.0	42.2	35.4	35.0	-	-	-	422.2	353.6	349.0
<b>Total - Gaming - Payable</b>	<b>294.5</b>	<b>249.6</b>	<b>246.0</b>	<b>137.2</b>	<b>125.1</b>	<b>122.0</b>	<b>42.2</b>	<b>35.4</b>	<b>35.0</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>	<b>473.9</b>	<b>410.1</b>	<b>403.0</b>
<b>Total - Gaming - Collected</b>	<b>277.8</b>	<b>232.4</b>	<b>241.0</b>	<b>132.1</b>	<b>118.9</b>	<b>119.0</b>	<b>40.1</b>	<b>35.7</b>	<b>33.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450.0</b>	<b>387.0</b>	<b>393.0</b>
<b>Prize Promotions</b>															
Prize Competition Fees	-	-	-	17.7	17.5	14.0	-	-	-	-	-	-	17.7	17.5	14.0
<b>GRAND TOTAL - PAYABLE</b>	<b>3032.3</b>	<b>2746.7</b>	<b>2327.0</b>	<b>1031.1</b>	<b>1033.7</b>	<b>951.8</b>	<b>1473.2</b>	<b>1511.8</b>	<b>1334.3</b>	<b>159.6</b>	<b>162.7</b>	<b>85.0</b>	<b>5696.3</b>	<b>5454.9</b>	<b>4698.1</b>
<b>GRAND TOTAL - COLLECTED</b>	<b>2996.3</b>	<b>2471.1</b>	<b>2520.5</b>	<b>1047.3</b>	<b>998.5</b>	<b>928.7</b>	<b>1519.5</b>	<b>1494.1</b>	<b>1341.8</b>	<b>170.5</b>	<b>151.2</b>	<b>85.0</b>	<b>5733.6</b>	<b>5114.9</b>	<b>4876.0</b>

# Operational Performance

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## Licensing & Registration

The Licensing & Registration Division realised a number of significant accomplishments during the 2015/16 fiscal year, including:

- Development of Standards for Local Gaming Machine Manufacturers (Board approval pending);
- Development of POCA/AML licensing conditions;
- Continued reduction in turnaround time for the processing and granting of licences;
- Review of the BGLA and accompanying Regulations;
- Revision of policy concerning licensing and fit and proper requirements for certain categories of prescribes premises workers;
- Mapping of the Division's Standard Operating Procedures (SOP); and
- General review and update of all Bookmakers' Rules.

### GAMING SECTOR

A total of 6,403 gaming machines were licensed during the year and this represents a 7% decrease when compared to the 6,886 that were licensed during the previous financial year. Some 58% of the gaming machines licensed came from the local non-gaming lounge category, while 42% came from

gaming lounges. Only 324 non-gaming lounge slot machines were licensed, which is 9% lower than last year, while the number of locally manufactured machines licensed increased by 14% to 3710.

The trend of increases in the number of locally manufactured machines being licensed and the decrease in the number of slots being licensed has mirrored last year's tendency and, as such, the introduction of standards for the locally-made gaming machines will be a priority for the Division in the upcoming 2016/17 fiscal year.

The Kingston & St. Andrew region again accounted for the greatest number of machines licensed during the period with just under 35%, while Trelawny and St. Thomas accounted for the least with just over 1% of the machines licensed.

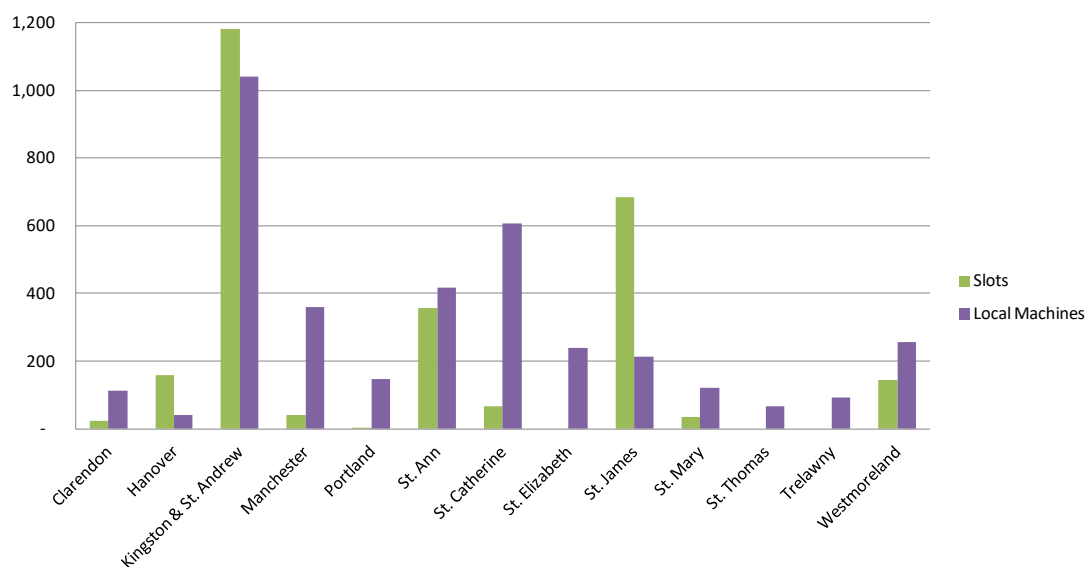
### Fees & Levies

Total fees and levies paid by gaming machine operators was \$51.697 million which is 7% lower than last year. Of this sum, just over \$20 million was paid to the Inland Revenue Department, while the remaining \$31.605 million was paid to the Commission.

### Gaming Machines Licensed by Parish – 2015/16

Parish	Gaming Lounge - Slots	Non-Gaming Lounge - Slots	Slots	Local Machines	Grand Total	%
Clarendon	19	4	23	112	135	2.11
Hanover	91	67	158	42	200	3.12
Kingston & St. Andrew	1,152	30	1,182	1,039	2,221	34.69
Manchester	-	40	40	359	399	6.23
Portland	-	5	5	147	152	2.37
St. Ann	357	-	357	416	773	12.07
St. Catherine	48	20	68	608	676	10.56
St. Elizabeth	-	-	-	238	238	3.72
St. James	632	51	683	213	896	13.99
St. Mary	-	34	34	122	156	2.44
St. Thomas	-	-	-	66	66	1.03
Trelawny	-	-	-	93	93	1.45
Westmoreland	70	73	143	255	398	6.22
<b>TOTAL</b>	<b>2,369</b>	<b>324</b>	<b>2,693</b>	<b>3,710</b>	<b>6,403</b>	<b>100</b>
Percentage of Total	37%	5%	42%	58%		

### Types of Gaming Machines Licensed by Parish – 2015/16



### Gaming Machine Fees & Levies Collected – 2015/16

Type of Lounge	No. of Machines		BGLC		TAJ			Total Revenue
	Slots	Local	Gaming Machine Fee	Prescribed Premises Fee	Gaming Machine Levy	Prescribed Premises Levy	Penalty	
Gaming Lounges	2,369	-	11,421,000.00	28,000.00	-	72,500.00	-	11,521,500.00
Non-Gaming Lounges (19 & Under)	324	3,710	19,560,000.00	596,700.00	18,056,750.00	1,498,000.00	464,500.00	40,175,950.00
<b>TOTAL</b>	<b>2,693</b>	<b>3,710</b>	<b>30,981,000.00</b>	<b>624,700.00</b>	<b>18,056,750.00</b>	<b>1,570,500.00</b>	<b>464,500.00</b>	<b>51,697,450.00</b>

## 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: Prime Sports (Jamaica) Ltd; Olympic Sports Data Services Ltd; Capital Betting & Wagering Ltd; Ideal Betting Company Ltd; and Post to Post Betting Ltd.

All applicants met the requirements for renewal and permits and licences were renewed. Two (2) new applicants for Bookmaker's Permits were also granted licences to operate; they are: Island Sizzling Tech (Ja.) Ltd and Jamozzie Investments Ltd. Total fees collected was \$7.838 million (14% over the previous year).

A total of 256 betting locations, consisting of 126 betting offices and 130 betting lounges were licensed during the review period, a 12% decline when compared to the 292 betting locations that were licensed during the corresponding period last year.

This continued decline in the number of brick and mortar betting locations is expected to continue, as bookmakers are increasingly utilising mobile technology (and telephone betting legislation) to bring their offerings to the public's attention. The Kingston Metropolitan Region (KMR) accounted for the most outlets with 84 or 32% while St. Thomas had only 2 outlets. Post to Post Betting again operated the largest number of betting locations with 164 or 62% of total licensed, while Olympic Sports operated only 1 outlet.

### Bookmaker Licensing Fees Collected – 2015/16

Bookmakers	Permit Fee Paid	No. of Agents	Agency Fee Paid	No. of Betting Offices	Betting Office Fee Paid	No. of Betting Lounge	Betting Lounge Fees Paid	No. Of Betwriter/ Terminal Operator	Betwriter/Terminal Operator Fees	Total
Bazmed Gaming Ltd.*	-	-	-	-	-	-	-	-	-	-
Capital Betting & Wagering Ltd	200,000	9	100,000	13	130,000	N/A	N/A	12	48,000	478,000
Ideal Betting Co. Ltd.	-	14	-	16	160,000	N/A	N/A	-	-	160,000
Post to Post Betting Ltd	200,000	151	1,510,000	71	710,000	93	1,395,000	354	1,416,000	5,231,000
Prime Sports (Jamaica) Limited	200,000	22	220,000	25	250,000	34	510,000	59	236,000	1,416,000
Olympic Sports Data Services Ltd.	200,000	1	10,000	1	10,000	N/A	N/A	15	60,000	280,000
Jamozzie Investments Ltd.	-	-	-	-	-	1	15,000	2	8,000	23,000
Island Sizzling Tech. (Ja.) Ltd.	200,000	1	20,000	-	-	2	30,000	-	-	250,000
<b>Total</b>	<b>1,000,000</b>		<b>1,860,000</b>		<b>1,260,000</b>		<b>1,950,000</b>		<b>1,768,000</b>	<b>7,838,000</b>

### Betting Locations by Parish - 2015/2016

Parish	Bazmed Gaming Ltd.	Capital Betting & Wagering Ltd.	Ideal Betting Co. Ltd.	Island Sizzling Tech (Ja.) Ltd.	Jamozzie Investments Ltd.	Olympic Sports Data Services Ltd.	Prime Sports (Ja.) Ltd.	Post to Post Betting Ltd.	TOTAL
Kingslon & St. Andrew	DID	6	5	1	-	-	22	72	106
St. Catherine		4	6	-	-	-	9	46	65
St. Mary		-	-	-	-	-	1	3	4
St. Thomas		-	-	-	-	-	-	2	2
Portland	NOT	1	-	-	-	-	3	3	7
St. Ann		-	4	-	-	-	11	3	18
St. James		-	-	1	1	1	4	12	19
Hanover		-	-	-	-	-	-	-	0
Clarendon	OPERATE	-	-	-	-	-	-	8	8
Manchester		-	1	-	-	-	-	4	5
St. Elizabeth		-	-	-	-	-	2	5	7
Westmoreland		1	-	-	-	-	4	5	10
Trelawny		1	-	-	-	-	3	1	5
<b>TOTAL</b>		<b>13</b>	<b>16</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>59</b>	<b>164</b>	<b>256</b>

**Racing Promoter (Caymanas Track Limited)** - Caymanas Track Limited (CTL) operated a total of 63 Off Track Betting Parlours (OTB), which is a slightly more than last year's 62. No fees were paid by CTL during 2015/2016, bringing the Promoter's total liability to the Commission to \$9.13 million.

Meanwhile, the divestment of CTL is well advanced and a new entity is expected to commence promotion activity at the Track during the 2016/17 period. In anticipation of this, the Licensing & Registration Division has moved to redrafting the Conditions for Licence and Application Form.

## LOTTERY SECTOR

Two lottery providers were licensed to operate during the review period – Prime Sports Jamaica Ltd (Supreme Ventures) and Goodwill Gaming Enterprises Ltd; 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*.

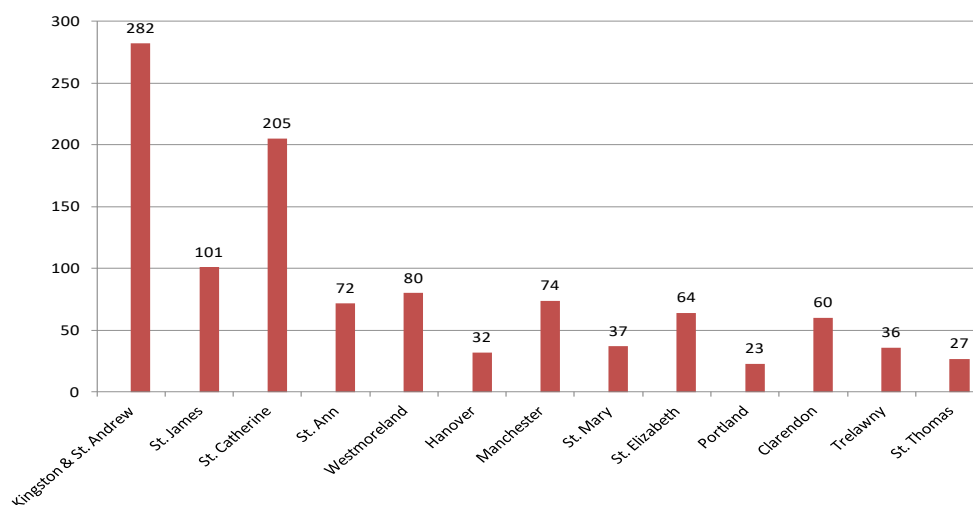
Licensing fees for sixteen (16) lottery games collected totalled \$36.8 million. Fees totalling \$4.3 million were collected for 871 lottery agents, while fees collected for 1,093 lottery sales outlets amounted to \$1.2 million.

### Lottery Sector Activities – 2015/16

Name of Lottery Company	No. of Games	Licence Fee	No. of Lottery Agents	Lottery Agents Fee	# of Lottery Sales Outlets	Lottery Sales Outlets Fee	Total
Supreme Ventures Limited	13	31.2M	871	4.355M	1093	1,174,975	36,729,975
Goodwill Gaming Limited*	3	7.2M	0	0	0	0	7,200,000
	16	38.4M	871	4.355M	1093	1,174,975	43,929,975

\*Did not operate

### Lottery Outlets by Parish



## PRIZE PROMOTIONS

A total of 258 applications for Prize Promotions were approved during the 2015/2016 financial year. This resulted in revenue totalling \$17.70 million, which is a marginal 1% increase over last year. The 1<sup>st</sup> and 3<sup>rd</sup> quarters reflected the highest revenue levels, as was the case in the two previous fiscal years. It is important to note that these periods are the summer and Christmas periods respectively, when marketing activities are usually highest.

The value of the prizes offered to customers for the 258 promotions approved during the period was a whopping \$450.1 million or 16% more than last year.

### Prize Promotions Activities – 2015/16

Month	Number of applications received	Application fees	Incomplete fees	Late fees	Express fees	Modification fees	Extension fees	Overpayment	Refund	Total Revenue	Prize Values
April	12	600,000	45,000	45,000	125,000	15,000	0	0	0	830,000	30,103,058
May	25	1,240,000	60,000	75,000	150,000	0	15,000	170,000	170,000	1,540,000	22,912,368
June	25	1,235,000	60,000	45,000	225,000	45,000	45,000	35,000	25,000	1,665,000	43,655,443
<b>Q1</b>	<b>62</b>	<b>3,075,000</b>	<b>165,000</b>	<b>165,000</b>	<b>500,000</b>	<b>60,000</b>	<b>60,000</b>	<b>205,000</b>	<b>195,000</b>	<b>4,035,000</b>	<b>96,670,869</b>
July	26	1,130,000	105,000	75,000	275,000	0	0	0	100,000	1,485,000	24,156,421
August	20	920,000	60,000	15,000	175,000	15,000	0	0	75,000	1,110,000	54,199,794
September	25	1,450,000	75,000	60,000	150,000	15,000	15,000	0	55,000	1,710,000	31,289,564
<b>Q2</b>	<b>71</b>	<b>3,500,000</b>	<b>240,000</b>	<b>150,000</b>	<b>600,000</b>	<b>30,000</b>	<b>15,000</b>	<b>0</b>	<b>230,000</b>	<b>4,305,000</b>	<b>109,645,779</b>
October	34	1,730,000	30,000	90,000	265,000	45,000	0	38,250	0	2,198,250	56,430,955
November	32	1,670,000	75,000	75,000	375,000	45,000	0	37,475	104,475	2,173,000	50,762,497
December	11	1,140,000	15,000	30,000	75,000	0	0	0	30,000	1,230,000	41,510,728
<b>Q3</b>	<b>77</b>	<b>4,540,000</b>	<b>120,000</b>	<b>195,000</b>	<b>715,000</b>	<b>90,000</b>	<b>0</b>	<b>75,725</b>	<b>134,475</b>	<b>5,601,250</b>	<b>148,704,180</b>
January	9	600,000	15,000	30,000	50,000	0	15,000	10,000	140,000	580,000	29,123,725
February	14	1,040,000	45,000	30,000	150,000	30,000	0	25,000	0	1,320,000	18,840,358
March	25	1,650,000	30,000	15,000	175,000	0	15,000	3,300	25,000	1,863,300	47,141,184
<b>Q4</b>	<b>48</b>	<b>3,290,000</b>	<b>90,000</b>	<b>75,000</b>	<b>375,000</b>	<b>30,000</b>	<b>30,000</b>	<b>38,300</b>	<b>165,000</b>	<b>3,763,300</b>	<b>95,105,267</b>
<b>TOTAL</b>	<b>258</b>	<b>14,405,000</b>	<b>615,000</b>	<b>585,000</b>	<b>2,190,000</b>	<b>210,000</b>	<b>105,000</b>	<b>319,025</b>	<b>724,475</b>	<b>17,704,550</b>	<b>450,126,095</b>

# Compliance & Regulatory

The Compliance & Regulatory Division is responsible for monitoring the activities of operators within the industry and supporting the Commission in its regulatory and enforcement powers.

Compliance is an important component of the Commission's regulatory regime and is the totality of all measures which serve to ensure that licensees and operators adhere to all laws, regulations, policies and guidelines that apply to their business.

Since 2014, the Commission has been preparing to expand the scope of our compliance monitoring to include POCA/AML and Responsible Gaming.

## *Anti-Money Laundering*

Pursuant to the Proceeds of Crime Act (POCA), gaming lounge operators were ascribed as Designated Non-Financial Institutions (DNFIs) and are required to implement anti-money laundering programmes within their operations. During the year, the Division prepared and circulated Minimum Standards for Anti-Money Laundering to all licensed gaming lounge operators and to the Jamaica Gaming Association for feedback. The Commission continues to implement a number of initiatives, including briefings, consultations and advisory services for licensees, with the aim of raising compliance with these standards as well as with POCA legislation and the BGLC Guidance Notes.

## *Responsible Gaming*

Responsible Gaming and a responsible approach to the development and consumption of gaming products are an integral part of the Commission's mandate. During the year, the Code of Conduct for

Responsible Gaming was implemented as part of new conditions for licence for gaming lounge operators.

The Division monitors compliance to the Code in conjunction with RISE Life Management Services, which provides in-depth training for staff of all gaming lounges. Training is a mandatory requirement of the Code. The Commission also continues to provide ongoing sensitization for industry operators and personnel through workshops and seminars.

## **Revenue Assurance**

The Audit Unit conducts regulatory compliance reviews of returns and payments to ensure compliance with tax obligations under the BGLA and Regulations as well as proper reporting of gaming taxes, levies and contributions. The Division works with two important partners, Tax Administration Jamaica (TAJ) and CHASE Fund. Total Government revenue of \$5.6 billion for the industry was verified by the Audit Unit.

## *Tax Administration Jamaica Revenue Information System (RAiS)*

The Division, in collaboration with the TAJ, commenced discussion on the revised returns and processes to be integrated in the Revenue Administration Information System (RAiS). This TAJ project is part of the GoJ's overall tax reform programme. The Division continues to be integral partner in the project which includes revision of return forms, systems testing, finalisation of a Memorandum of Understanding (MoU) and operational agreements in keeping with the BGLA and the Provisional Collection of Tax Act Orders.

### Compliance & Regulatory Inspectorate Operational Activities

	APR-15 to JUN-15	JUL-15 to SEPT-15	OCT-15 to DEC-15	JAN-16 to MAR-16	GRAND TOTAL
<b>BETTING SECTOR</b>					
No. of Licensed Bookmakers					7
No. of licensed betting locations ( betting offices, betting lounges & O.T.B's)					265
No. of Compliance reviews at OTB's, Betting Lounges & Offices	293	367	310	426	1396
Caymanas Track Tote Duties (2 per day)	174	183	177	177	711
<b>GAMING SECTOR</b>					
No. of Gaming Lounges (Slot machines only)					31
No. of Non-Gaming Lounges (Slot & OTC machines)					41
No. of visits to prescribed premises for Compliance Reviews	188	322	449	446	1405
No. of rapid response visits to operators (commissioning, de-commissioning & re-commissioning)	77	105	113	107	402
No. of instances premises visited for GPT Meter Readings (each premises visited once per month)	194	190	195	187	766
Average no. of premises visited monthly	65	63	65	62	64
No. of instances machines meters read to determine GPT (each machines read once per month)	6855	6941	7330	7473	28599
Average no. of machines read monthly	2285	2314	2443	2491	2383
<b>LOTTERY SECTOR</b>					
Lottery Draws Attended	173	183	180	179	715
Prize Promotional Draws Attended	20	28	20	18	86
Winner Verification	94	83	84	90	351



## 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.

### Investigations and Operations

During review period the Enforcement Division carried out a total of 50 operations which is significantly more (92.3%) compared with the the same period last year. Of the operations conducted, 15 dealt with Illegal Cash Pot and 34 dealt with unlicensed gaming machine seizures. There was also 1 case of illegal Horseracing. Cash totalling \$95,166.00 was seized from illegal operators

### Machine Seizures

Some 170 gaming machines were seized during the review period, an increase of 247% when compared to the 49 seized last year. Of this number, 90 were eventually licensed and released.

However there are over 500 unclaimed gaming machines still in the Commission's custody, which the Division is actively working to dispose of. So far, we have received 12 Forfeiture Notices from the Resident Magistrates' Courts in the Parishes of Westmoreland and St. Elizabeth for the disposal of twelve (12) additional gaming machines.

As a cost saving measure, the Division will be seeking dispose of the machines in batches, beginning with 36 at one time. We will continue to utilize the National Solid Waste Management Agency (NSWMA) for the destruction of the forfeited gaming machines.

### Court & Tribunal Activities

The Division secured 15 arrests during the year; the same as the corresponding period last year. However, only 5 convictions resulted from these arrests, a 62% decline from the 2014/15 fiscal year.

Court Fines executed by the relevant Magistrates Courts also declined during the period, from just over \$1 million in 2014/15, to \$75,000 in 2015/16.

### Dual Custody

This aspect of the Enforcement Division was transferred to the Licensing and Registration Division during the review period. There were 9 requests from licensees for dual custody access during the year. All requests were facilitated within twenty-four hours of the request being made, in keeping with the Division's service standards.

### Summary of Enforcement Activities – 2015/2016

Major Activities	2015	2016	% Change
Arrests	15	15	-
Convictions	13	5	-61.5%
Cash Seized from Illegal Operators	\$325,692	\$95,166.00	-70.8%
Court Fines	\$1,042,000	\$75,000.00	-92.8%
Reports Received	53	47	-11.3%
Operations	26	50	92.3%
Gaming Machines Seized	49	170	246.9%
Gaming Machines Released	56	90	60.7%
Due Diligence Investigations	183	404	120.7%
Dual Custody Access	37	9	-75.7%

## Legal Services

In light of the impending merger of the BGLC and the JRC and the need for legislative amendments to facilitate the merger of both entities, a Legislative Committee was established in January 2014. The Committee comprised members of the Legal Services Department, Compliance and Regulatory, Licensing and Registration and the Enforcement Divisions as well as a representative from the JRC and a legal consultant. The Committee was tasked with preparing the proposed amendments necessary for the merger. It was decided that amendments would not only encompass the changes necessary for the merger but would also include initiatives to harmonise and modernise the legislation in order to keep abreast of the developments in the gambling industry.

The proposed drafting instructions for the amendments were submitted to the Merger Committee in October 2015 and subsequently to the BGLC and JRC Boards for approval. Internally, the Commission has been preparing the Regulations for the betting, gaming and lottery sectors which will accompany the new Act.

### **POCA/AML**

The Commission continued to participate in the Caribbean Financial Action Task Force (CFATF) Mutual Evaluation Assessment by attending preparatory meetings, responding to questionnaires which included providing information on the legal framework for the prevention of money laundering in gaming lounges. The Director of Legal Services Department as well as the Director of Compliance and Regulatory Division were also interviewed by the members of the CFATF Evaluation Panel during its onsite evaluation of Jamaica in June 2015.

Additionally, the Commission and the Financial Investigations Division (FID) of the Ministry of Finance and the Public Service entered into a Memorandum of Understanding (MoU) on March 16, 2016. The MoU provides the framework for the FID and the Commission to cooperate and to share information on trends affecting the gaming sector in order to combat money laundering and terrorism financing in the sector.

# Information & Communication Technology

The Financial year 2015/16 saw the Information and Communication Technology Division focused on strategies to strengthen the ICT infrastructure in order to better support the Commission's operations. The major activities during the year included the continued research and development of technical standards for the industry, especially in relation to the manufacturing of gaming machines and gaming solutions.

The Division also embarked on a number of technology initiatives geared towards improving the efficiency and quality of service to its stakeholders. This was evidenced in:

- further improvement in the ICT platform and infrastructure, to be able to facilitate the new technologies being rolled out by our stakeholders;
- successful implementation and testing of our Business Recovery Services program, including our off-shore hot site which would facilitate full recovery of ICT services in the event of a disaster;
- development of an online registration and payment portal to allow licensees to carry out registration and also make payments online. Stakeholder testing and full roll-out is to be concluded in FY 2016/2017;
- development of an EDUPortal to further guide stakeholders on new regulatory developments for the industry as well as new regulatory requirements. The first Edu Portal video posted featured the Commission's requirements of the Industry for POCA/AML compliance;
- development of new website. The new website showcases the Commission's new department structures, our EDUPortal, and new online registration portal;
- acquisition of a new Gaming Management Information System (GMIS). This is expected to be completed in FY 2015/2016. The following project phases have been completed to date:
  - requirements gathering for all operational and support departments
  - specifications for all operational departments
  - vendor research

## Internal Audit

The objective of the Internal Audit Department is to provide independent, objective assurance and consulting services designed to add value and improve the Commission's operations. The Department helps the Commission to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

In order to meet the responsibilities and objectives as set forth in the Internal Audit Charter, it is necessary for the Internal Auditor to perform reviews and audits of varying types and scopes, depending on the circumstances and requests from management. A two-year audit plan (2015-16 & 2016-17) was developed and submitted to the Audit Committee of the Board of Commissioners for review and approval. The audit plan is based on a risk assessment methodology as well as requests from management.

The Department continues to be affected by limited number of human resources and, as such, the primary focus remains on assessing the high risk areas within the Commission to consult on various engagements in collaboration with management.

During the 2015/2016 financial year, the Commission continued to strengthen its internal controls, risk management and governance processes. The Commission's internal control framework operated satisfactorily during the period. However, there remains scope for further improvement in area such as applicants due diligence process and overall records management.

Despite the challenge of limited resources (personnel), it has been an extremely productive year for the department in achieving its' targets. The goal each year is to complete at least 80% of the risk-based audit plan. For this fiscal year, the department completed 90% of its amended audit plan. The outlook is for a dynamic 2016/2017 financial year and for the continued success of the department in achieving its goals in support of the Commission's overall strategic objectives.

# Human Resources & Administration

## Staffing

The restructuring of the Commission remains in abeyance pending the passing of appropriate legislation to facilitate the planned merger with the JRC. The delay has resulted in severe staff shortages as the filling of vacancies resulting from persons retiring, emigrating or otherwise separating is impacted by a hiring freeze.

## Staff Wellness and Welfare

The Commission entered into a medical emergency arrangement with a local hospital in the event that the need arises for such a service. In addition, there was the acquisition of a defibrillator and isolation kits for use as part of our first aid response where appropriate.

To promote and foster a healthy lifestyle, the Division acquired gym equipment in order to furnish an exercise facility. Health professionals were also engaged to conduct health checks and make periodic presentations. In addition, budgetary provision was made to facilitate the financial welfare of employees who may be experiencing hardship due to ill health, family emergency or other financial crisis.

As part of the Division's strategy to help to alleviate lingering staff morale issues, a series of social events were held during the year as a follow-up to the Values and Cultural Alignment Programme that was introduced in August 2014 to foster camaraderie among the BGLC team and between the staff of both entities (BGLC and JRC).

## Performance Management

The performance appraisal tool introduced in 2014 remains in use for interim and annual appraisals; however, a review is pending, with a view to improving the instrument for future performance assessments.

## Relocation

The Commission continues to face various challenges with the infrastructure of the renovated Hagley Park Road facility. The inadequacies of the central air-conditioning system are compounded by faulty design. Most recently, the air quality of the internal environment deteriorated to a degree which warranted the relocation of certain departments who were being adversely affected in certain sections of the building. Remedial work is ongoing and is scheduled for completion in October of FY 2016/17.

## Communications & Research

The Communications & Research Department continued its thrust to expand the Commission's reach and to further encourage collaboration with key stakeholders. This effort was fortified by greater use of social media platforms to better engage with licensees and the public, and was extended through the engagement of associations such as the Jamaica Hotel and Tourist Association in Responsible Gaming and Anti-Money Laundering seminars, and by seeking to encourage communication and collaboration with other Government bodies such as the Ministry of Tourism and Tax Administration Jamaica. The need to establish deep-rooted pathways along the journey to a technology-driven and more efficient regulatory environment has become even more critical than before. Consequently, the Communications team continued to spearhead several initiatives during the FY2015/2016 for improved internal and external communication.

### Gaming Industry Summit

Now a calendar event for the BGLC, the 2<sup>nd</sup> Annual BGLC Gaming Industry Summit was planned and executed by the Communications & Research team in June 2015. With the largest turnout to date (more than 400 attendees), the event featured a mix of local and international presenters from the United Kingdom, Australia, Puerto Rico and the United States. Topics ranged from Digital Cash, Mobile/Internet Betting and Horseracing to Due Diligence and POCA/AML.

### Diamond Mile

The inaugural Diamond Mile Race Day was held on December 5, 2015 and was launched by the BGLC as a stimulus for the horseracing sector. The event garnered unprecedented media coverage and public support from punters, horseracing enthusiasts, corporate sponsors and Jamaica's social elite, many of whom were visiting Caymanas Park for the first time. The landmark event, which boasted the richest purse in the English-speaking Caribbean for the feature race (J\$13 million), grossed the highest sales revenue in CTL's 26-year history. The Diamond Mile is expected to be a mainstay on the annual horseracing calendar with the continued support of the BGLC. The 2016 staging has been set for December 10, 2016 and was announced at a media launch held at the BGLC headquarters on January 28, 2016.

### Regional Cooperation – Visit from TCI Delegation

In support of the BGLC's vision of being regional thought leaders in gaming industry regulation and 'the premier gaming regulator worldwide', the Commission accepted an invitation to host consultations with a team of Government officials from the Turks and Caicos Islands (TCI). The delegation was led by Permanent Secretary, with responsibility for Gaming in the Ministry of Tourism, Environment, Culture and Heritage, Mrs. Desiree Lewis, along with a Governance Policy expert and the heads of the TCI Gaming Inspectorate. The three-day meeting began on January 22, 2016 and focused on the BGLC providing guidance on the development of gaming policy and drafting of gaming laws and regulations.

### 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. Now in our 12<sup>th</sup> year of significant support, the BGLC's contribution for the 2015/2016 financial year was \$10 Million. 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. 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 during the 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.

The BGLC's Annual Scholarship Fund has now become a regular source of funding for tertiary students in the Hagley Park community. The Fund, which was launched in August 2014, has contributed \$11.69 million to date. During the year, BGLC Chairman, Gary Peart, hosted a meet and greet in honour of the 2014/15 cohort of scholarship awardees to get to know the recipients and allow them to interact with members of the BGLC team.

# *Auditor's Report &* Financial Statements

FINANCIAL YEAR ENDED 31 MARCH 2016



# **Betting, Gaming and Lotteries Commission**

**Financial Statements**

**31 March 2016**



# Betting, Gaming and Lotteries Commission

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31 March 2016

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## ***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 31, which comprise the statement of financial position as at 31 March 2016 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.

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**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 2016 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 Rose Cooper," written in a cursive style.

Chartered Accountants  
27 July 2016  
Kingston, Jamaica

# Betting, Gaming and Lotteries Commission

## Statement of Comprehensive Income

**Year ended 31 March 2016**

(expressed in Jamaican dollars unless otherwise indicated)

	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Income</b>	5	877,136	880,167
Other operating income	6	195,731	240,102
Administration expenses		(636,426)	(487,753)
Grants	7	<u>(8,535)</u>	<u>(7,547)</u>
<b>Surplus before Taxation</b>		427,906	624,969
Taxation	10	<u>(8,784)</u>	<u>(34,104)</u>
<b>Net Surplus</b>		419,122	590,865
<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		<u>31,596</u>	<u>17,346</u>
<b>Total Comprehensive Income</b>		<u><u>450,718</u></u>	<u><u>608,211</u></u>

# Betting, Gaming and Lotteries Commission

## Statement of Financial Position

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	11	607,469	607,654
Deferred tax asset	12	-	2,484
Long term receivables	13	7,079	8,541
Investments	14	205,773	170,873
Retirement Benefit Asset	22	23,380	-
		<u>843,701</u>	<u>789,552</u>
<b>Current Assets</b>			
Inventories		68	925
Receivables	15	122,628	157,247
Taxation recoverable		31,562	20,411
Current portion of long term receivables	13	5,635	6,082
Repurchase agreements	16	257,618	2,607
Cash and bank	17	12,818	70,314
		<u>430,329</u>	<u>257,586</u>
<b>Current Liabilities</b>			
Payables	19	118,834	84,204
Income tax payable		-	24,331
Deferred income	20	63,417	57,207
		<u>182,251</u>	<u>165,742</u>
<b>Net Current Assets</b>		<u>248,078</u>	<u>91,844</u>
		<u>1,091,779</u>	<u>881,396</u>
<b>Equity</b>			
Accumulated surplus		<u>1,084,464</u>	<u>866,706</u>
		<u>1,084,464</u>	<u>866,706</u>
<b>Non-Current Liabilities</b>			
Retirement benefit liability	22	-	14,690
Deferred tax liability	12	7,315	-
		<u>7,315</u>	<u>14,690</u>
		<u>1,091,779</u>	<u>881,396</u>

Approved for issue by the Board of Commissioners on 27 July 2016 and signed on its behalf by:

  
Clovis Metcalfe Chairman

  
Paul East Commissioner

# Betting, Gaming and Lotteries Commission

## Statement of Changes in Equity

**Year ended 31 March 2016**

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Accumulated Surplus	Total
		\$'000	\$'000
<b>Balance at 31 March 2014</b>		816,495	816,495
Remeasurement of pension obligation, net of tax		17,346	17,346
Net Surplus		590,865	590,865
Total Comprehensive Income		608,211	608,211
Transfer to Retained Earnings			
Transaction with owners			
Distribution	21	(558,000)	(558,000)
<b>Balance as at 31 March 2015</b>		866,706	866,706
Remeasurement of pension obligation, net of tax		31,596	31,596
Net Surplus		419,122	418,465
Total Comprehensive Income		450,718	450,061
Transfer to Retained Earnings			
Transaction with owners			
Distribution	21	(232,960)	(232,960)
<b>Balance as at 31 March 2016</b>		1,084,464	1,084,464

# Betting, Gaming and Lotteries Commission

## Statement of Cash Flows

Year ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
Net surplus		419,122	590,865
Adjustments for:			
Depreciation	11	42,223	15,253
Gain on sale of Asset Held for Sale		-	(42,434)
Amortisation		-	45
Gain on disposal of property, plant and equipment		(106)	-
Interest income	6	(30,511)	(35,065)
Retirement benefit liability		4,058	7,150
Effect of exchange gain on foreign currency balances		(3,042)	(8,981)
Taxation	10	8,784	34,104
		<u>440,528</u>	<u>560,937</u>
Changes in operating assets and liabilities:			
Inventories		857	507
With-holding tax recoverable		(11,151)	(9,590)
Receivables		34,619	(77,793)
Payables		34,630	(12,084)
Deferred income		<u>6,210</u>	<u>12,437</u>
Cash provided by operations		505,693	474,414
Tax paid		<u>(23,317)</u>	<u>-</u>
Net cash provided by operating activities		<u>482,376</u>	<u>474,414</u>
<b>Cash flows from investing activities</b>			
Interest received		27,739	34,561
Disposal of Investments		-	66,190
Purchase of Investments		(42,659)	-
Proceeds from sale of assets held for sale		-	57,741
Proceeds from sale of disposal		-	8,650
Purchase of property, plant and equipment	11	(42,437)	(241,603)
Proceeds from sale of property, plant and equipment		505	-
Long term receivables		<u>1,909</u>	<u>(510)</u>
Net cash used in investing activities		<u>(54,943)</u>	<u>(74,971)</u>
<b>Cash flows from financing activities</b>			
Distribution		<u>(232,960)</u>	<u>(808,000)</u>
Net cash used in financing activities		<u>(232,960)</u>	<u>(808,000)</u>
Net increase/(decrease) in cash and cash equivalents		<u>194,473</u>	<u>(408,557)</u>
Effects of exchange rate changes on cash and cash equivalents		3,042	9,729
Net cash and cash equivalents at beginning of year		<u>72,921</u>	<u>471,749</u>
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	17	<u><u>270,436</u></u>	<u><u>72,921</u></u>

# Betting, Gaming and Lotteries Commission

## Notes to the Financial Statements

**31 March 2016**

(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 statutory body which regulates betting, gaming and lottery activities carried on in Jamaica. Its activities also include the investing of surplus funds. The Commission's principal place of business is 78cef Haley Park Road, Kingston 10.

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

Mr. Gary Peart	-	Chairman
Mr. Peter Reid		
Mr. Linton Walters		
Mr. Jeffrey Mordicai		
Mr. Vincent Anderson		
Mr. Michael Coore		

The Board of Commissioners was appointed for three years with effect from 1 June 2015.

Members of the management team at 31 March 2016 were:

Mr. Andral Shirley	-	Executive Director
Mr. Garnett Daley	-	Director of Enforcement
Mrs. Laurie Wiggan	-	Director of Compliance and Regulatory
Mrs. Lorraine Thompson – Barnett		Director of Finance
Mr. Maurice Thompson		Director of Licencing and Registration
Mrs. Karla Small Dwyer	-	Director of Legal Services
Mrs. Beverley Johnson	-	Acting 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.

#### (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.



# Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2016

(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***

- **Amendments to IAS 19, 'Employee benefits'** (effective for annual periods beginning on or after 1 February 2015). 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.
- **Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles:** The IASB annual improvements project in 2012 and 2013 resulted in amendments to the following standard which may be relevant to the Commission's operations. These amendments are effective for periods beginning on or after 1 July 2014:

**IFRS 13, 'Fair value measurement':** When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusion of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. The 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 of those dates, unless otherwise noted.

- **IAS 1 'Presentation of financial statements' on the disclosure initiative**, (effective for annual periods beginning on or after 1 January 2016). The amendments do not require specific changes. However, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users. Preparers should consider their financial statements in light of these clarifications and whether there is an opportunity to clarify or improve the disclosure. The order of the notes needs to balance understandability and comparability and changes should generally result from a specific change in facts and circumstances. The amendment 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 2016

(expressed in Jamaican dollars unless otherwise indicated)

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- **Amendments to IAS 7, 'Statement of Cash Flows'**, (effective for annual periods beginning on or after 1 January 2017). In January 2016, the IASB published amendments to IAS 7 to improve information about an entity's financing activities. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The amendments require disclosure of information enabling users to evaluate changes in liabilities arising from financing activities including both cash and non-cash changes. The future adoption of these amendments will result in additional disclosure in the financial statements.

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

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

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

- **IFRS 9 'Financial Instruments'**. (effective for annual periods beginning on or after 1 January 2018). This standard specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the two impairment methods in IAS 39 that arise from the different classification categories. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. There has been no significant change in the recognition and measurement of financial liabilities carried at amortised cost from what obtained under IAS 39. The Commission is yet to assess IFRS 9's full impact.

### (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) License fees

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

# Betting, Gaming and Lotteries Commission

## Notes to the Financial Statements

**31 March 2016**

(expressed in Jamaican dollars unless otherwise indicated)

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(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.

## 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 2016**

(expressed in Jamaican dollars unless otherwise indicated)

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## 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 2016

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (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 amortised 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 recognised 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 recognised 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.

#### **(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.

# Betting, Gaming and Lotteries Commission

## Notes to the Financial Statements

**31 March 2016**

(expressed in Jamaican dollars unless otherwise indicated)

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

### (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.

The current service cost of the defined benefit plan, included in staff costs in the income statement, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in staff costs in the income statement.

Past-service costs are recognized immediately in expenses.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

#### 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.

# Betting, Gaming and Lotteries Commission

## Notes to the Financial Statements

**31 March 2016**

(expressed in Jamaican dollars unless otherwise indicated)

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

#### (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.

### 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.

# Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

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## 3. Financial Risk Management (Continued)

### (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 longterm 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.

#### ***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 receivable 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 (2015 – nil). These relate to customers for whom there is no recent history of default.



# Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (a) Credit risk (continued)

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

Fees and contributions receivables of \$12,659,000 (2015 – \$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.

	2016 \$'000	2015 \$'000
0 – 30 days	-	-
61 – 90 days	-	-
Over 90 days	12,659	14,659
	<u>12,659</u>	<u>14,659</u>

#### ***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 was a direct write off during the year amounting to \$2,000,000. The balance on the provision account at year end is \$12,659,000 (2015 - \$14,659,000) (Note 16).
- Long term receivables  
The balance on the provision account at year end is \$20,000,000 (2015 - \$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.

#### **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 2016

(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>2016</b>				
Payables	118,834	-	-	118,834
<b>Total financial liabilities</b>	<b>118,834</b>			<b>118,834</b>
<b>2015</b>				
Payables	84,204	-	-	84,204
<b>Total financial liabilities</b>	<b>84,204</b>			<b>84,204</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.

#### (i) *Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial liability will fluctuate because of changes in foreign exchange rates.

The Commission is exposed to foreign exchange risk arising from currency exposure, primarily with respect to the US dollar. Foreign exchange risk arises mainly from purchases and encashment of investment and movement on the USD bank account.

The Commission manages its foreign exchange risk by ensuring that the exposure in foreign assets is kept at an acceptable level by monitoring currency positions.

At the date of the statement of financial position, the Commission had a net asset exposure to the US dollar of \$79,418,723 (2015 \$53,399,178). This exposure arose from cash and bank balances, along with long term investment balances denominated in US dollars.

# Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

**31 March 2016**

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

#### (i) Currency risk (continued)

#### **Foreign currency sensitivity**

The following table indicates the currencies to which the company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% revaluation and a 6% devaluation (2015 – 1% revaluation and 10% devaluation) in the US dollar. The sensitivity of the profit was mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade payables and cash at bank balances.

	% Change in Currency Rate	Effect on Profit before tax and Shareholders' Equity	% Change in Currency Rate	Effect on Profit before tax and Shareholders' Equity
	2016	2016 \$'000	2015	2015 \$'000
<b>Currency:</b>				
<b>USD:</b>				
Revaluation	1%	794	1%	534
Devaluation	6%	(4,765)	10%	(5,339)

# Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

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## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

#### ***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.

### (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.

### (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 \$7,078,000 (2015 – \$8,541,000). 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 \$203,200,000 (2015 - \$168,857,000).

# Betting, Gaming and Lotteries Commission

## Notes to the Financial Statements

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### 4. Critical Accounting Estimates and Judgements

Estimates and judgements 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

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Lotteries	666,930	684,604
Gaming machines	139,153	125,860
Bookmakers	30,392	30,524
Racing promoter	17,561	16,840
Bingo	4,800	4,800
Prize promotions	18,300	17,539
	<u>877,136</u>	<u>880,167</u>

### 6. Other Operating Income

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest	30,511	35,065
Foreign exchange gain	3,042	8,981
Storage and transport fees	-	28
Unclaimed winnings	161,430	152,970
Miscellaneous	748	153
Gain on Disposal of Asset Held for Sale	-	42,434
Other	-	471
	<u>195,731</u>	<u>240,102</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 \$8,535,000 (2015 - \$7,547,000).

# Betting, Gaming and Lotteries Commission

## Notes to the Financial Statements

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### 8. Expenses by Nature

Total administration expenses and grants

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Advertising and public relations	55,785	12,064
Audit fees	2,378	1,261
Depreciation	42,222	15,253
Donations and subscriptions	4,009	6,400
Gaming machines labels	855	508
Grants	8,535	7,547
Insurance	4,656	4,207
Legal and professional	43,182	27,407
Printing and stationery	5,891	5,387
Rental - office building and furniture	16,661	9,421
Repairs and maintenance	16,580	4,162
Security	8,422	8,519
Merger expenses	9,711	5,154
Special investigations	428	767
Staff costs (Note 9)	349,873	339,680
Utilities	23,480	13,527
GCT With-held (from suppliers)	22,059	13,458
Other	30,234	20,578
	<u>644,961</u>	<u>495,300</u>

### 9. Staff Costs

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	192,625	182,442
Payroll taxes – employer's contribution	21,932	22,136
Pension (Note 22)	9,821	13,423
Other employee related costs	125,495	121,679
	<u>349,873</u>	<u>339,680</u>

# Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

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(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>2016</b> <b>\$'000</b>	<b>2015</b> <b>\$'000</b>
Current income tax	19,346	24,029
Prior year (over)/under-accrual	(9,829)	302
Deferred taxation (Note 12)	<u>(733)</u>	<u>9,773</u>
	<u><u>8,784</u></u>	<u><u>34,104</u></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>2016</b> <b>\$'000</b>	<b>2015</b> <b>\$'000</b>
Surplus before taxation	<u>427,249</u>	<u>624,969</u>
Tax calculated at 25% (2015 - 25%)	106,812	156,242
Adjusted for the effects of:		
Income not taxable	(213,379)	(213,594)
Expenses not deductible for tax	136,942	96,290
Employee Tax Credit	(5,317)	(4,793)
Adjustment for prior year (over)/under-accrual	(9,829)	302
Other charges and allowances	<u>(6,445)</u>	<u>(343)</u>
Tax charge	<u><u>8,784</u></u>	<u><u>34,104</u></u>

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

	<b>2016</b> <b>\$'000</b>	<b>2015</b> <b>\$'000</b>
Other comprehensive income -		
Retirement benefit obligations		
Remeasurements on retirement benefit obligation, before	42,128	23,128
Tax charge (Note 12)	<u>(10,532)</u>	<u>(5,782)</u>
	<u><u>31,596</u></u>	<u><u>17,346</u></u>

# Betting, Gaming and Lotteries Commission

## Notes to the Financial Statements

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### 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 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)	-
31 March 2015	83,204	401,719	136,204	61,681	7,938	1,404	-	692,150
Additions	-	11,823	13,921	8,041	-	-	8,652	42,437
Disposal	-	-	(1,224)	(2,323)	-	-	-	(3,547)
At 31 March 2016	83,204	413,542	148,901	67,399	7,938	1,404	8,652	731,040
Depreciation -								
At 1 April 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
31 March 2015	-	3,348	21,079	52,961	5,704	1,404	-	84,496
Charge for the year	-	10,693	26,580	3,777	1,172	-	-	42,222
Relieved on disposal	-	-	(1,224)	(1,923)	-	-	-	(3,147)
At 31 March 2016	-	14,041	46,435	54,815	6,876	1,404	-	123,571
Net Book Value -								
At 31 March 2016	83,204	399,501	102,466	12,584	1,062	-	8,652	607,469
At 31 March 2015	83,204	398,371	115,125	8,720	2,234	-	-	607,654

In May 1990, the Jamaica Society for the Prevention of Cruelty to Animals (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 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, 2015 requiring the Jamaica Society for the Prevention of Cruelty to Animals to relinquish possession of 10 Winchester Road to the Commission by November 30, 2016.



# Betting, Gaming and Lotteries Commission

## Notes to the Financial Statements

**31 March 2016**

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### 12. Deferred Taxation

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25% (2015- 25%). The movement in the net deferred tax asset during the year is as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Net asset at beginning of year	2,484	18,039
Credited/(charged) to profit or loss (Note 10)	733	(9,773)
Charged to other comprehensive income (Note 10)	(10,532)	(5,782)
Net (Liability)/asset at end of year	<u>(7,315)</u>	<u>2,484</u>

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

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred income tax assets -		
Retirement benefit liability	-	3,673
Vacation leave accrual	7,259	6,482
	<u>7,259</u>	<u>10,155</u>
Deferred income tax liabilities -		
Unrealised foreign exchange gain	692	144
Property Plant and Equipment	6,829	7,010
Retirement benefit liability	5,845	-
Interest receivable	1,208	517
	<u>14,574</u>	<u>7,671</u>
Net deferred tax (liability)/asset	<u>(7,315)</u>	<u>2,484</u>

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

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit or loss		
Vacation leave accrual	(777)	1,527
Unrealised foreign exchange gain	548	(1,219)
Property, plant and equipment	(118)	11,803
Interest receivable	691	(550)
Retirement benefit liability	389	(1,788)
	<u>(733)</u>	<u>9,773</u>
Other comprehensive income		
Retirement benefit liability	10,532	5,782

# Betting, Gaming and Lotteries Commission

## Notes to the Financial Statements

**31 March 2016**

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### 12. Deferred Taxation (Continued)

	2016 \$'000	2015 \$'000
Deferred income tax assets to be recovered -		
After more than 12 months	-	3,673
Deferred income tax liabilities to be extinguished -		
After more than 12 months	12,674	7,010

### 13. LongTerm Receivables

	2016 \$'000	2015 \$'000
Advance to Caymanas Track Limited (a)	20,000	20,000
Less: Provision for impairment	(20,000)	(20,000)
	-	-
Loans to employees (b)	12,714	14,623
Less: Current portion	(5,635)	(6,082)
	7,079	8,541
	7,079	8,541

(a) During the year ended March 31, 2012, the Commission advanced \$20,000,000 to CaymanasTrack 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) 70% percent (2015 - 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

	2016 \$'000	2015 \$'000
Held-to-maturity:		
Government of Jamaica securities – Debentures	161,700	158,743
Long term Certificate of Deposit	41,500	10,069
Interest receivable	2,573	2,061
	205,773	170,873

# Betting, Gaming and Lotteries Commission

## Notes to the Financial Statements

**31 March 2016**

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### 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. Receivables

	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Fees and contributions receivable	37,620	69,107
Unclaimed winnings	55,576	14,202
Staff loans	5,285	4,605
Prepayments and other deposits	7,734	5,804
Amount due from sale of asset held for sale	-	58,152
Other	<u>16,413</u>	<u>5,377</u>
	<u><b>122,628</b></u>	<u><b>157,247</b></u>

Fees and contributions receivable is stated after provision for bad debts of \$12,658,000 (2015 – \$14,659,000). Staff loans includes \$4,609,000 (2015 – \$2,417,000) with related parties (Note 18).

### 16. 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.

	<b>Within 3 Months 2016 \$'000</b>	<b>4 - 12 Months 2016 \$'000</b>	<b>Carrying Value 2016 \$'000</b>	<b>Carrying Value 2015 \$'000</b>
Securities purchased under resale agreements (Note	1,457	253,901	255,358	2,600
Interest receivable	<u>101</u>	<u>2,159</u>	<u>2,260</u>	<u>7</u>
	<u><b>1,558</b></u>	<u><b>256,060</b></u>	<u><b>257,618</b></u>	<u><b>2,607</b></u>

# Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

**31 March 2016**

(expressed in Jamaican dollars unless otherwise indicated)

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

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

	<b>2016</b>	<b>2015</b>
	<b>%</b>	<b>%</b>
J\$	6.4	9.4
US\$	-	4.1

## 17. Cash and Cash Equivalents

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Securities purchased under resale agreements (Note 16)	257,618	2,607
Cash at bank and in hand	12,818	70,314
	<u>270,436</u>	<u>72,921</u>
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and in hand comprise:		
Cash at bank	11,218	67,672
Cash in hand	1,447	2,489
Special imprest	100	100
Petty cash	53	53
	<u>12,818</u>	<u>70,314</u>

# Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

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## 18. Related Party Transactions and Balances

### (a) Loans to related parties

Loans to other government agencies –

	2016 \$'000	2015 \$'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–

	2016 \$'000	2015 \$'000
At start of year	2,417	2,498
Loans advanced during year	5,454	4,381
Loan repayments received	(3,262)	(4,462)
End of year	<u>4,609</u>	<u>2,417</u>

No provision has been required in 2016 and 2015 for the loans made to key management personnel of the Commission.

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

	2016 \$'000	2015 \$'000
Distributions (Note 21)	<u>232,960</u>	<u>558,000</u>

### (c) Key management compensation

	2016 \$'000	2015 \$'000
Salaries and other short-term employee benefits	49,127	52,453
Allowances	14,118	4,590
Gratuity accrued	4,970	11,281
Payroll taxes – employer's contributions	<u>4,511</u>	<u>4,094</u>
	<u>72,726</u>	<u>72,418</u>
Commissioners' emoluments		
Fees	918	769
Travel allowance	<u>57</u>	<u>42</u>
Managements remuneration (included above)	<u>40,030</u>	<u>-</u>

# Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

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## 19. Payables

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Accruals	22,122	27,749
Accrued vacation leave	29,036	25,928
Other	67,676	30,527
	<u>118,834</u>	<u>84,204</u>

Payables include nil(2015 - nil) with related parties (Note 18).

## 20. Deferred Income

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

## 21. Distributions

Pursuant to directives from the Honourable Minister of Finance and Planning, the Commission was required to distribute a total of \$232,960,000 (2015 - \$558,000,000) to the Consolidated Fund.

# Betting, Gaming and Lotteries Commission

## Notes to the Financial Statements

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### 22. 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. 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 2016.

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 (asset)/liability amounts relating to the Commission and recognised in the statement of financial position are determined as follows:

	<b>2016</b> <b>\$'000</b>	<b>2015</b> <b>\$'000</b>
Present value of funded obligations	439,472	364,978
Fair value of plan assets	(462,852)	(350,288)
(Asset)/Liability recognised in statement of financial position	<u>(23,380)</u>	<u>14,690</u>

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

	<b>2016</b> <b>\$'000</b>	<b>2015</b> <b>\$'000</b>
At beginning of the year	14,690	30,669
Statement of comprehensive income (Note 9)	9,821	13,423
Remeasurements recognised in other comprehensive income	(42,128)	(23,128)
Contributions paid	(5,763)	(6,274)
At end of year	<u>(23,380)</u>	<u>14,690</u>

# Betting, Gaming and Lotteries Commission

## Notes to the Financial Statements

**31 March 2016**

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### 22. Retirement Benefit Liability (Continued)

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

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Service Cost	9,057	11,199
Net Interest Cost:		
Interest cost on defined benefit obligations	33,905	31,997
Interest income on plan assets	<u>(33,141)</u>	<u>(29,773)</u>
	<u>9,821</u>	<u>13,423</u>

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

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Present value of obligation as at 1 April	364,978	357,386
Service cost	9,057	11,199
Interest cost	33,905	31,997
Contributions paid	7,848	8,587
Benefits paid	(48,677)	(55,716)
Value of annuities purchased	32,121	13,606
Remeasurement – Changes in financial assumptions	26,999	-
Remeasurement – Experience adjustments	<u>13,241</u>	<u>(2,081)</u>
Present value of funded obligation as at 31 March	<u>439,472</u>	<u>364,978</u>

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

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Fair value of plan assets at 1 April	350,288	326,717
Contributions paid - total	13,611	14,860
Expected return on plan assets	33,141	29,773
Benefits paid	(48,677)	(55,716)
Value of annuities purchased	32,121	13,606
Remeasurement – Changes in financial assumptions	3,605	-
Remeasurement – Experience adjustments	<u>78,763</u>	<u>21,048</u>
Fair value of plan assets at 31 March	<u>462,852</u>	<u>350,288</u>



# Betting, Gaming and Lotteries Commission

## Notes to the Financial Statements

**31 March 2016**

(expressed in Jamaican dollars unless otherwise indicated)

### 22. Retirement Benefit Liability (Continued)

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

	<b>2016</b>		<b>2015</b>	
	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>%</b>
Equity	239,897	52	149,316	43
Mortgage and real estate	80,402	17	62,590	18
Fixed income	530	-	2,967	1
Money market	7,013	2	6,586	2
Foreign currency investments	24,527	5	49,512	13
Value of purchased Annuities	114,644	-	77,534	1
Inflation Linked Fund	1,162	25	3,407	22
Adjustments	(5,323)	-1	(1,624)	0
	<u>462,852</u>	<u>100</u>	<u>350,288</u>	<u>100</u>

The principal actuarial assumptions used were as follows:

	<b>2016</b>	<b>2015</b>
	<b>%</b>	<b>%</b>
Discount rate	9.0	9.5
Expected return on plan assets	5.0	7.0
Future salary increases	5.5	6.0
Future pension increases	3.5	3.5
Inflation	<u>5.5</u>	<u>6.0</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 \$13,556,000 (2015 - \$14,134,000).

The actual return on plan assets was \$120,266,000 (2015 – \$55,277,000).

The average expected remaining working life of the employees is 19 years (2015 – 21 years).

# Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2016

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## 22. Retirement Benefit Liability (Continued)

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

	Impact on post-employment obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
		\$'000	\$'000
Discount rate	1%	(39,396)	51,782
Future salary increases	1%	23,040	(19,899)

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

Through its defined benefit pension plans and post-employment medical plans, the Commission 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 Commission 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 Commission believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Commission's long term strategy to manage the plans efficiently. See below for more details on the Commission'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.

## 23. 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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