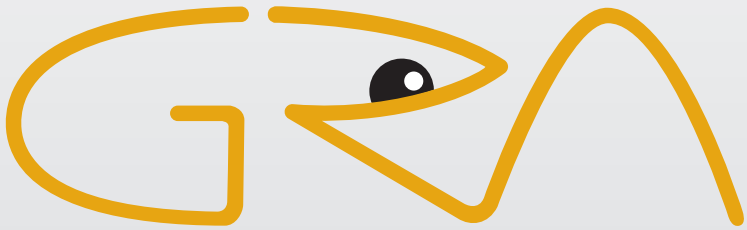

GAMBLING REGULATORY AUTHORITY

Annual Report 2011

GAMBLING REGULATORY AUTHORITY

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Chief Executive's Message

It is my pleasure to present the fourth Annual Report of the Gambling Regulatory Authority for the year ended 31st December 2011. For the year under review the Authority has witnessed a number of positive developments. In order to keep pace with developments taking place in the gambling industry, there was an urgent need to invest in both human resources and capital equipment to meet these challenges.

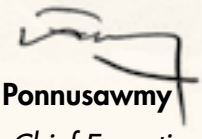
To this end, the Ministry of Finance and Economic Development has approved the creation of additional posts for strengthening the Licensing and Inspectorate Section of the Authority. Funds were also released for the purchase of a new database server in replacement of the old one used for the Horse Racing Betting System.

During the year, the Authority was faced with difficulties where amusement machines with prizes (AWP) were not in conformity with provisions of the Act. The Authority had therefore recourse to the services of an external consultant to address the situation. The report was submitted to the Authority in November 2011 and the necessary amendments were accordingly brought to the Finance (Miscellaneous Provisions) Act in December 2011.

The Authority has also ensured that all gambling activities are conducted in a fair and transparent manner within the provisions laid down in the GRA Act. In this context, I have to place on record the good collaboration established between the Officers of the Police des Jeux and the Inspectors of the Authority which have contributed largely to track down cases of illegal betting and to promptly addressing complaints from punters and the public.

As we look forward to another year of exciting and new challenges, the GRA has achieved several major milestones despite its young history. But there is more to be done and the GRA needs to keep striving for excellence. With the support of the Board and the Staff, I am confident that the Authority will rise to the challenges in its journey towards becoming the reference regulator.

I wish here to express my warmest thanks to the Chairman and members of the Board for their unflinching support and guidance. I also wish to thank all the staff of the GRA for their hard work and dedicated support to make GRA of what it is today and I am confident that as a team we will be able to live up to any challenges.



A. Ponnusawmy
Ag Chief Executive

GRA in figures

Revenue Collected
Rs 223,895,127

BK-On course Rs 14,875,000	BK-Off course Rs 3,850,000	BK-Rem. Com. (SMS) Rs 1,210,000	BK-Rem.Com Tel. Rs 2,220,000
HR Organiser Rs 1,000,000	Totalisator Rs 7,230,000	Casino Rs 12,250,000	Gaming House "A" Rs 46,000,000
Gaming House "B" Rs 250,000	Gaming Machines Rs 121,436,250	Sweepstake Organiser Rs 112,500	Local Pool Promoter Rs 30,000
Agent of a F.P Promoter Rs 37,500	Collector Rs 33,440	Lottery Rs 7,736,937	Dart Games Rs 570,000
FOB on Football Matches Rs 4,010,000	Ope. of Mtius National Lottery Rs 500,000	AWP machines Rs 443,500	Penalty Fee Rs 100,000

Our Role

About the Gambling Regulatory Authority

The GRA is a body corporate falling under the aegis of the Ministry of Finance and Economic Development. The Ministry of Finance and Economic Development provides an overall monitoring and supervisory role and has final responsibility for amending and approving expenditure budgets presented by the GRA Board. The GRA has as one of its main activity to issue appropriate licenses and to collect license fees from stakeholders. The total amount collected in respect of license fees is credited to the Consolidated Fund.

The objects of the Authority shall be to:-

- regulate and control gambling activities and the organization of lottery games, sweepstakes and lotteries;
- regulate and monitor the organization of horse-racing;
- promote public confidence in the integrity of the gambling industry and the horse-racing industry;
- ensure that gambling is conducted in a fair and transparent manner;
- foster responsible gambling in order to minimize harm caused by gambling;
- promote tourism, employment and economic development generally; and
- promote the welfare and leisure of the race-going public.

The GRA Act

Business is conducted in accordance with the GRA Act, other relevant statutory provisions and the principles of good corporate governance. All functions are exercised honestly, in good faith, with due care and diligence and in the best interests of the GRA and its stakeholders.

Sound corporate governance practices are laid down in the GRA Act under

(1) Section 5 of the GRA Act 2007 which provides that:

(i) The Chairperson, Vice-Chairperson and 3 members having adequate experience in economics, accountancy, law, scientific or business administration shall be appointed by the Minister on such terms and conditions as he may determine.

(ii) No person having had or having any direct or indirect interest in any activity regulated by this Act in the previous 5 years shall be appointed as a member.

(iii) Every member shall be paid by the Board such fees as the Board may, with the approval of the Minister, determine.

(2) Section 9 of the GRA Act 2007 on Disclosure of interest stipulates that " Every member of the board shall, in relation to any matter before the Board, in which he or any person related to him by blood or marriage has a pecuniary or other material interest

(i) disclose the nature of that interest in writing at or before the meeting convened to discuss that matter; and

(ii) not take part in any deliberations of the Board relating to that matter."

(3) Furthermore Section 15 of the GRA Act 2007 stipulates that "Every person shall, at the time of making application to be recruited by the Authority make a declaration of assets by means of an Affidavit or declaration, as the case may be, every 3 years, also on the expiry or termination of his employment on any ground."

Vision and Mission

Vision and Mission

Vision

The vision of the Authority is to establish a world class, forward looking, innovative, and dynamic body based on fundamental principles of incorruptibility, meritocracy and impartiality.

Mission

The mission of the Gambling Regulatory Authority is to:

(i) deliver prompt and efficient services to its stakeholders,

(ii) ensure that gambling activities are conducted in a fair and transparent manner, and

(iii) foster responsible gambling in order to minimize harm caused by gambling.

Core Values, Strategic Objectives & Plan of the Authority

Core Values, Strategic Objectives & Plan

Core Values

Integrity:- honesty, transparency and integrity are foremost in our dealing.

Fairness:- an ethical approach in the performance of our actions.

Innovation:- always a cause of concern.

Strategic Objectives

The objective of the Authority is to become a reference regulator in matter pertaining to gambling both locally and internationally.

In this regard, the Authority has adopted sound business and administrative practices to carry out its operations in an efficient and cost effective manner, while upholding high standards of trust, integrity, credibility, competence and accountability.

Strategic Plan 2011 – 2013

- Provide accurate and timely information to the legislature, public and other stakeholders.
- Increase compliance with gaming laws and regulations.
- Promotion of responsible gambling.

Activities and Performance

Activities and Performance for the year under review

Stategic Plan 2011 – 2013 – Achievements

	Key Activities	Output Indicators	Targets	Achievements
	Goal 1	Provide accurate and timely information to the legislature, public and other stakeholders		
1.1	Formulating Policy	Satisfaction of Government with respect to quality, timeliness and relevance	90%	Done
1.2	Process application / renewal for all gaming and registration of Bookmaker's clerk	No. of license renewed/process	100%	Done
1.3	Collection of license fees	Ensure prompt collection of revenue	100%	Done
1.4	Application of financial rules regulations of budgetary disciplines	Ensure all payments which is in order settled	100%	Done
1.5	Compliance with recommendation of the NAO and Internal Audit	Implementation of recommendations	75%	Done
1.6	Monitor of Central Server & Backup	Ensure all data captured & backup	100%	Done
	Goal 2	Increase compliance with gaming laws and regulations		
2.1	Monitor compliance to conditions of licenses, guidelines and correctness of "Rules of Games"	• Ensure all license holders comply with conditions of rules • % of Investigators	100% 30%	Done Measures being taken to meet the target
2.2	Investigation of complaints	% of complaints resolved	85%	Done
	Goal 3	Promotion of responsible gambling		
3.1	Foster responsible gambling	Setting up a Responsible Gambling Programme		The Term of Reference for the survey has been reviewed

Corporate Governance

Corporate Governance

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The Gambling Regulatory Authority views good corporate governance practices as integral to good performance. While adhering to good corporate governance practices, the GRA stands guided by the Code of Corporate Governance of Mauritius. The main corporate governance structures of the GRA as set out in this report relate to the GRA Board, its Roles and Functions, Board Committees, Risk Management & Internal Audit, Auditing and Accounting principles and Integrated Sustainability Reporting.

The Board

The direction, control and accountability of the business of the GRA are vested in the Board. Management is accountable and subject to the control of the Board and operates within the policy framework laid down by the latter.

Functions of the Board

The Board shall have such functions as are necessary to further most effectively the objects of the Authority and in particular to:-

(a) ensure that a horse-racing organizer effectively discharges its responsibilities regarding the organization of horse-racing in all its aspects, including safety, comfort and standards of hygiene, security, discipline and the prevention of fraud;

(b) ensure that there is transparency and good governance in the conduct of gambling, lottery games, sweepstakes, lotteries and Government lotteries and in the organization of horse-racing;

(c) regulate and control the operations of gambling, lottery games, sweepstakes and lotteries;

(d) initiate, develop and implement strategies conducive to the development of gambling, horse-racing, lottery games, sweepstakes, lotteries or Government lotteries and the protection of the public in relation thereto;

(e) coordinate with the Police des Jeux for the prevention of illegal gambling and other malpractices in any activity regulated under this Act for the detection of fraud in gambling, horse-racing, lottery games, sweepstakes, lotteries, or Government lotteries;

(f) do such things as are incidental or conductive to the performance of any of its functions under this section; and

(g) advise the Minister on any matter relating to gambling, horse-racing, lottery games, sweepstakes or lotteries.

Composition of the Board

The Act provides that the Authority shall be administered and managed by a Gambling Regulatory Board which shall consist of

- a Chairperson;
- a Vice-Chairperson;
- a representative of the Prime Minister's Office;

- a representative of the Attorney-General's Office;
- a representative of the Ministry responsible for the subject of finance;
- a representative of the Ministry responsible for the subject of tourism;
- a representative of the Commissioner of Police and
- 3 other members having adequate experience in economics, accountancy, law, scientific or business administration.

The Chairperson, Vice-Chairperson and the 3 other members shall be appointed by the Minister on such terms and conditions as he may determine.

For the period 1st January to 31 December 2011, the Board was composed of:-

Chairperson : Mr. A. O. Jankee

Members : Mrs K.O. Fong Weng-Poorun, representative of the Prime Minister's Office;

Mr. D. Dabee, representative of the Attorney-General's Office;

Miss M. Madhub, representative of the Ministry of Finance and Economic Development *(up to 31st October 2011);*

Mr G.Bussier, representative of the Ministry of Finance and Economic Development *(as from 7th November 2011);*

Mr. J. M. Simonet, representative of the Ministry of Tourism & Leisure *(up to 31st August 2011);*

Mrs P. Roy, representative of the Ministry of Tourism & Leisure *(as from 13th September 2011);*

Mr. R. Sooroojebally, representative of the Commissioner of Police;

Mr. M. Dowarkasing, Senior Adviser of the Ministry of Finance and Economic Development *(up to 8th August 2011);*

Mr. S. K. Ah Kim, member and;

Mr B. Balluck, member

All members of the Board are non-executive Directors.

Profile of Board Members

Mr Oopuddhye Amritlall JANKEE

Chairperson

Oopuddhye Amritlall Jankee, is a Solicitor practicing for nearly 27 years. He was appointed Chairperson of the GRA in September 2007.

He was former chairperson of the Horse Racing Board from 2006 to 2007. He is also the Legal Adviser of several institutions inter alia Central Water Authority, the Pamplemousses/Rivière du Rempart District Council and the Mauritius Post and Cooperative Bank Ltd.

Mrs Kan Oye FONG WENG-POORUN

Board Member

Kan Oye Fong Weng-Poorun was appointed to the Board in July 2010. She is currently Senior Chief Executive in the Home Affairs Division of Prime Minister's Office and has served the Civil Service for more than 30 years.

Mr Dheerendra Kumar DABEE

Board Member

Dheerendra Dabee, a Senior Counsel, was appointed to the Board in December 2007. He is currently Solicitor-General in the Attorney General's Office. He is also a Board Director of Air Mauritius Ltd., State Bank of Mauritius Ltd., and State Insurance Company of Mauritius Ltd., as well as being legal Adviser to a number of public organizations.

Mr Gerard BUSSIER

Board Member

Gerard Bussier was appointed to the Board in November 2011. He is presently performing the duties of Director in the Ministry of Finance and Economic Development and has served the Civil Service for several years.

Mrs Premila ROY

Board Member

Premila Roy was appointed to the Board in September 2011. She is currently Permanent Secretary at the Ministry of Tourism and Leisure and has served the civil service for over thirty years.

Mr Rampersad SOOROOJEBALLY

Board Member

Rampersad Sooroojebally was appointed to the Board in May 2008. He is currently Deputy Commissioner of Police, in charge of Anti Drug and Smuggling Unit and Supervising Officer of CTU. He was previously commissioned at Royal Military Academy, Sandhurst, he also raised the Groupe D'intervention de la Police Mauricienne (GIMP) and was Divisional Commander of Western Division.

Mr Shok Kwang AH KIM

Board Member

Shok Kwang Ah Kim was appointed to the Board in June 2009. He retired from the public service on 1 January 2010, after having served as Permanent Secretary at the Ministry of Finance and Economic Development.

He has been the representative of the Ministry of Finance on various Boards and Committees and was the Representative of the Ministry of Finance on the Board of the GRA until May 2009.

Mr Bhoopnarain BALLUCK

Board Member

Bhoopnarain Balluck was appointed to the Board in September 2009. He is an Accountant. He was a former Internal Auditor at the Municipality of Quatre Bornes and has over 38 years of experience in Finance, Internal Audit and Management.

Attendance at Board Meetings

The Gambling Regulatory Authority held nine Board Meetings during the period under review. Special meetings are convened as necessary to address specific issues and two special meetings were held during the reporting period. The members are expected to attend each Board meeting unless exceptional circumstances preventing them from doing so.

For the period under review, the attendance of Board Meetings is summarized below:-

Board Meeting Attendance for the period 1st January to 31st December 2011.

Members	Board Meetings Attended
Mr. A. O. Jankee	11/ 11
Mrs K.O. Fong Weng-Poorun	8 / 11
Mr. D. Dabee	10 / 11
Miss M. Madhub *(up to 31st October 2011)*	8 / 11
Mr G. Bussier *(as from 7th November 2011)*	3 / 11
Mr. J. M. Simonet *(up to 31st August 2011)*	5 / 11
Mrs P. Roy *(as from 13th September 2011)*	4 / 11
Mr. R. Sooroojebally	10 / 11
Mr M. Dowarkasing *(up to 8th August 2011)*	6 / 11
Mr. S. K. Ah Kim	10 / 11
Mr B. Balluck	11 / 11

Board Fees

The Chairman of the Board was paid a monthly fee of Rs 45,000 and as per his terms & conditions of appointment, he is also eligible to a driver's allowance of Rs 7,000 and a petrol allowance of Rs 12,000 per month.

All other Board Members were entitled to a monthly fee of Rs 15,000 per month.

Major Decisions of the Board during the period January to December 2011

During the course of the period under review, the Board approved inter-alia the following:

- The Revocation of Gaming House 'A' and Gaming Machine licenses of Jacpot Ltd.
- The Revocation of license of three Bookmakers conducting Fixed Odds Betting on Football matches taking place outside Mauritius namely Booksystem Ltd., Empowering People Ltd. and Peerless Ltd.
- Two addendums to conditions of license to protect students and punters namely:
  (i) standard opening hours for Bookmaker conducting fixed odds betting on football matches taking place outside Mauritius; and

  (ii) official fixtures and results of football matches

- Combination of Pools (Commingling) Automatic System Ltd (ASL) and Global Sports Ltd (GSL) for local races.

- The holding of an International Texas Holdem Poker Tournament on the premises of Fun World Ltd at Grand Bay from 25th February to 4th March 2012.

- Advertisement for the filling of critical posts.

- A study to assess the status of gaming machines and amusement machines with prizes.

Other Governance Structures

Procurement Policies and Procedures

The Tender Committee assists the Board in making procurement decisions and ensures compliance with provisions of the Public Procurement Act 2006. It ensures that GRA's procurement system and processes are fair, transparent, competitive and cost effective.

The GRA Tender Committee is composed of the following members:-

Mr S.K Ah Kim - Chairperson
Mr A.O. Jankee, Member
Miss M. Madhub, Member (up to October 2011)
Mr G. Bussier, Member (as from November 2011)
and
Mr Clive Auffray, the Chief Executive of the GRA (up to 22nd March 2011)
Mr Anil Kumar Kokil, Acting Chief Executive of the GRA (as from 12th April 2011)

Tender Committee Attendance for the period 1st January to 31st December 2011 is summarized below:

Members	Tender Committee Meeting
Mr. S.K. Ah kim	6/6
Mr A.O. Jankee	6/6
Miss M. Madhub	3/6
Mr G. Bussier	1/6
Mr C. Auffray	1/6
Mr. A.K. Kokil	5/6

Internal Audit

The mission of the internal audit is to provide independent, objective assurance services, designed to add value and improve the Authority's operations.

The Authority had recourse to the assistance of Internal Controllers of the Internal Control Division of the Ministry of Finance and Economic Development. The scope of work encompasses:

- reviewing internal control processes and making appropriate recommendations to the Authority.

- ascertain compliance with relevant rules and regulations in the functions of the GRA.

- identifying risk areas and evaluating the level of risk for each risk area.

- monitoring the implementation of the recommendations and reporting on these Implementations.

The Internal Controllers carried out one internal audit exercise during the period under review and submit its recommendations. The Authority has started the implementation of the recommendations.

The Board is regularly informed of progress achieved in the implementation of the recommendations of Internal Controllers.

Management Profiles

The profiles of Top Management are given hereafter:

Clive Auffray
Chief Executive *(up to 22nd March 2011)*
Age: 38 yrs
Qualifications: Bachelor of Law with Honours (LLB); Master in Business Administration.
Experience: State Counsel at Attorney's Office; Member of the Horse Racing Board; Director of Horse Racing Board

Anil Kumar Kokil
Acting Chief Executive *(as from 12th April 2011 up to 25th March 2012)*
Age: 58 yrs
Qualifications: B.A (Hons) Mathematics Statistics; MSc Public Sector Management
Lead Analyst – Ministry of Finance & Economic Development
Experience: He has served the Civil Service for more than 30 years and has collaborated as consultants with many International Organizations.

Arnasalon Ponnusawmy
Acting Chief Executive *(as from 26th March 2012)*
Age: 55 yrs
Qualifications: BSC (Hons) Economics with Statistics – UK
MSC in Financial Economics – UK
Lead Analyst – Ministry of Finance & Economic Development
Experience: He has served the Civil Service for more than 30 years.

Megduth Summah
Secretary *(up to 21st June 2011)*
Age: 60 yrs
Qualifications: General Certificate of Education (A level), Accounting Higher Level -LCCI
Experience: Assistant Manager Financial Operations – Ministry of Finance & Economic Development

Marie Lily Claude Ah Youne
Secretary *(as from 22st June 2011)*
Age: 58 yrs
Qualifications: School Certificate, Final Stage IBBK, Certificate in Public Sector Financial Mgt., Certified Course in PBB and Strategic Mgt.
Experience: Ag Manager Financial Operations In charge of Finance Section for 27 years (Attorney General's Office and Ministry of Fisheries and Rodrigues.

Communication with Stakeholders

Open lines of communication are maintained to ensure optimal transparency and disclosure of information at all levels.

Corporate Social Responsibility

As a Statutory Body the GRA does not have budget provision for corporate social responsibility.

Management Systems & Internal Control

It is the Board's role to ensure that procedures and practices are in place to protect the Authority's assets and reputation. The Board regularly reviews processes and procedures to ensure the effectiveness of the Authority's Internal Control Systems and proper segregation of duties.

Risk Management

In the broadest sense, risk may be defined as the danger of not achieving financial, operative, or strategic goals as planned. To ensure a long-term corporate success, it is therefore essential that risks be effectively identified and analyzed and then eliminated or at least limited by means of appropriate control measures.

At present responsibility lies with the Board for the identification, assessment and management of risks.

The GRA is conscious of the need to further improve its governance processes to ensure that they are in line with best practices. It is also aware of the need to reinforce its risk management structures.

Code of Discipline

The GRA subscribes to the principle of ethical behavior in the conduct of its day-to-day affairs.
All employees have been instructed to adhere to the Code of Discipline as spelt out in the PRB report 2008 on the Review of Pay and Grading Structures and Conditions of Employment for the GRA.

Confidentiality and Secrecy

The affairs of the GRA are conducted in a transparent manner, with timely preparation of financial statements and the Annual Report. In addition, employees are complying with the recommendations of the report on the Review of Pay and Grading Structures and Conditions of Employment in relation to disclosure of information regarding the GRA.

Related Party Transaction

Related party transactions, if any, are disclosed in the Note to the Accounts.

Health and Safety

The GRA is devoted to providing and maintaining a healthy, safe and secure working environment. It is believed that raising awareness of health and safety issues is crucial in the prevention of accidents and promoting the well being of customers and staff.

In this context all the recommendations made in the report of the Safety & Health Officer from the Ministry of Civil Service and Administrative Reforms to the GRA have been attended in order to improve the Health and Safety conditions at the Authority.

Responsibility towards the Environment

The GRA is committed to promoting work practices that preserve the environment. Moreover we believe that long term sustainability can only be achieved if the organization takes into account the impact of its activities on the environment.

The GRA ensures that gaming licenses are not issued to the detriment of the society and environment. We encourage electronic communication where possible and employees of the Authority have been sensitized to the saving energy campaign and switching off the air conditioner and the lights when an office is not in use have become a regular feature.

The Gambling Regulatory Authority encourages employees to think about more ways they can incorporate green initiatives into their daily lives.

BOARD'S REPORT

Statement of Board's responsibilities in respect of the financial statements

GRA Board is responsible for the preparation of the financial statements for each financial year, which gives a true a fair view of the state of affairs of the Authority. As per Section 12(1) of GRA Act 2007, the GRA Board shall, not later than six months after the close of every financial year, forward to the Minister a report on the activities of the Authority together with its audited accounts in respect of that financial year.

The audited statements and audit opinion are appended to this report.

In preparing these financial statements, the Board ensures that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures and explained in the financial statements;
- The financial statements have been prepared on the going concern basis; and
- The Code of the Corporate Governance has been adhered to.

The Board confirms that they have complied with the above requirements in preparing the financial statements.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the GRA Board

A.O. Jankee
Chairperson

General Review

Staffing

The office was headed by a Chief Executive and supported by a personnel of nine members including two officers on contract and three officers on secondment from the Ministry of Finance and Economic Development. The Authority was also assisted by a team of officers of the "Police des Jeux".

Human Resources

The Board acknowledges that its organizational objectives can be achieved only through its employees. Accordingly much emphasis is placed upon the human capital by providing a healthy and safe working environment.

As part of modernization agenda, GRA shifted from the manual attendance system to electronic attendance in January 2011 after testing the system on a pilot basis since November 2010. The new electronic attendance system:

(i) Obviates the need for officers to sign manual attendance register;

(ii) Ensure effective monitoring of staff atten dance with lesser manpower.

Horse Racing Organizer

The Mauritius Turf Club sought and obtained the approval of the Board to organize thirty-eight race meetings during the 2011 Racing Season.

Financial Monitoring

As required under Section 106 of GRA Act 2007, "Every licensee, other than a collector or an operator of dart games, shall submit to the Authority and Director-General his audited accounts, not later than 6 months after the date of closing of the accounts."

During the period under review all licensees have complied with this provision.

Complaints

The Authority has a legal duty to ensure that any complaints by customers about license holders are handled fairly and properly. Complaints which involve an expectation by the complainant that they will receive a financial settlements in their favour are treated as settled as soon as the license holder settled the dues or the complainant is satisfied that the case cannot be entertained.

Complaints that cannot be resolved with an operator or need further investigation are referred to the "Police des Jeux".

A significant number of complaints arise from customers failing to understand or follow the stated terms and conditions of the license holders. These complaints are either withdrawn by the customer after explanation or are not upheld by the Authority.

Analysis of complaints received during the period 1st January to 31st December 2011.

			Action taken				
Activity	Types of complaints	Total	Refer to Police des Jeux	Settled	Withdrawn	Not upheld	Under Process
Gaming House	- Malfunctioning of Gaming Machine	**3**	2	1			
	- Non validation of winning bet	**2**	1	1			
	- Delay in redeeming betting slip	**1**				1	
	- Incident near gaming house	**1**	1				
	- Miscellaneous	**1**	1				
Bookmaker conducting Fixed Odds Betting on local race	- Tickets – lost, unreadable, cancelled & erroneous, refund i.c.w withdrawal & wrong results	**7**		3	2	1	1

			Action taken				
Activity	Types of complaints	Total	Transfer to Police des Jeux	Settled	Withdrawn	Not upheld	Under Process
Bookmaker conducting Fixed Odds Betting on Football Matches	- Scheduled kick-off time, tickets (lost, unreadable & erroneous), void matches, inaccurate fixtures & results	**30**		22	1	6	1
Lottotech	- Advertising on bill Board - Loto winning ticket not paid	**1** **1**		1 1			
Dart Game Operator	- Non-payment of winnings	**1**	1				
	TOTAL	**48**	**6**	**29**	**3**	**8**	**2**

Police des Jeux

Regular meetings have been held with the Officer-in-Charge of the Police des Jeux to discuss strategies with a view to combat illegal betting and to enforce the provision of the Act.

During the period 1st January 2011 to 31 December 2011, the Police des Jeux has detected 208 cases which contravened the Act.

A summary of these cases are given hereunder:-

Division	No. of cases detected	No. of persons arrested	No. of cases convicted	No. of cases dismissed/ no further action	No. of cases pending before Court	No. of cases pending decision of DPP
Metro (North)	-	-	-	-	-	-
Metro (South)	-	-	-	-	-	-
Central	15	13	-	-	-	4
Southern	12	4	-	-	12	-
Western	-	-	-	-	-	-
Northern	2	-	-	-	-	
Eastern	179	1	2	-	82	-
Total	**208**	**18**	**2**	**-**	**94**	**4**

Licensees

Activity for period 1st January 2011 to 31st December 2011 under the Gambling Regulatory Act is as follows:-

Licensee	No. of Licenses as at 31st Dec 2010	New Licenses Issued/ renewed	Licenses not renewed	No. of Licenses as at 31st Dec 2011
Bookmakers	57	-	5	52
Bookmakers operating by Telephone	2	-	-	2
No. of Outlets	38	-	-	38
Bookmakers operating by SMS	1	-	-	1
No. of Outlets	20	-	-	20
Bookmaker – FOB on Football matches	10	-	3	7
No. of Outlets	117	-	41	76
Collector	276	-	105	171
Casinos	4	-	-	4
Gaming House "A"	23	-	3	20
Gaming House "B"	8	-	4	4
No. of Gaming Machines	2,165	-	356	1809
Horse Racing Organiser	1	-	-	1
Agent of Foreign Pool Promoter	3	-	2	1
Local Pool Promoter	2	-	1	1
Sweepstake Organiser	3	-	-	3
Dart Games Operator	9	-	-	9
Promotional Lottery	-	46	-	46
Operator of Mauritius National Lottery	1	-	-	1
Totalisator	2	-	-	2
No. of Outlets	48	1	-	49
No. Amusement with Prizes machines	-	887	-	887

License fees

The Act provides for the following licence fees:-

	Licence	Fee (Rupees)	Period
1.	Casino	3,500,000, payable in 4 equal instalments, each instalment being payable on or before the first day of every period of 3 months	12 months
2(i).	Gaming house "A" in the Island of Mauritius	3,500,000, payable in 4 equal instalments, each instalment being payable on or before the first day of every period of 3 months	12 months
2(ii).	Gaming house "A" in Rodrigues	500,000	12 months
3.	Gaming house "B"	50,000, payable in 4 equal instalments, each instalment being payable on or before the first day of every period of 3 months	12 months
4(i).	Gaming machine in the Island of Mauritius	125,000 per machine, payable in 4 equal instalments, each instalment being payable on or before the first day of every period of 3 months	12 months
4(ii).	Gaming machine in Rodrigues	20,000 per machine	12 months
4A.	AWP machine	500 per machine	12 months
5.	Horse-racing organiser	1,000,000, payable in 4 equal instalments, each instalment being payable on or before the first day of every period of 3 months	Yearly or part thereof

	Licence	Fee (Rupees)	Period
6.	Totalisator operator –		
	(a) at the racecourse	100,000	Yearly or part thereof
	(b) outside the racecourse, in respect of each place of business;	10,000	Yearly or part thereof
	(c) conducting bets through remote communication –		
	(i) in respect of the principal place of business;	40,000	Yearly or part thereof
	(ii) in respect of each place at which facilities are provided;	10,000	Yearly or part thereof
	(d) conducting local race inter-totalisator betting;	350,000	Yearly or part thereof
	(e) conducting foreign race inter-totalisator betting;	350,000	Yearly or part thereof
	(f) per terminal.	10,000	Yearly or part thereof
7.	Bookmaker conducting fixed odds betting on local race –		
	(a) at the racecourse;	175,000	1 January to 15 August of every year or part thereof
		175,000	16 August to 31 December of every year or part thereof
	(b) outside the racecourse;	175,000	1 January to 15 August of every year or part thereof
		175,000	16 August to 31 December of every year or part thereof
	(c) through remote communication –		
	(i) in respect of the principal place of business;	175,000	1 January to 15 August of every year or part thereof
		175,000	16 August to 31 December of every year or part thereof
	(ii) in respect of each additional place at which facilities are provided.	20,000	1 January to 15 August of every year or part thereof
		20,000	16 August to 31 December of every year or part thereof

	Licence	Fee (Rupees)	Period
8.	Bookmaker conducting fixed odd betting on any event or contingency –		
	(a) in respect of the principal place of business;	350,000	12 months
	(b) in respect of each additional place of business.	20,000	12 months
9.	Sweepstake organizer	37,500	Yearly or part thereof
10.	Local pool promoter	15,000	12 months
11.	Agent of a foreign pool promoter	37,500	12 months
12.	Collector	190	12 months
13.	Operator of dart games –	15,000 per dart board 15,000 per dart board	1 January to 15 August of every year or part thereof 16 August to 31 December of every year or part thereof
	Authorised days and time Days immediately preceding race day falling on Saturday – *Day* *Time* Thursday 13.00 hrs to 18.00 hrs Friday 10.00 hrs to 18.00 hrs Days immediately preceding race day falling on Sunday - *Day* *Time* Friday 10.00 hrs to 18.00 hrs Saturday 10.00 hrs to 18.00 hrs Race day 09.00 hrs to 18.00 hrs Monday immediately following race day - 12.00 hrs to 16.00 hrs		
14.	Operator of Mauritius National Lottery	500,000	12 months
15.	Lottery under Part XVII	5,000 or 35 per cent of the total market value of the prizes, whichever is the higher	-

Report
of the
Director of Audit

NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT

TO THE CHAIRPERSON OF THE

GAMBLING REGULATORY AUTHORITY

Report on the Financial Statements

I have audited the financial statements of the Gambling Regulatory Authority which comprise the statement of financial position as of 31 December 2011, statement of financial performance, statements of changes in net assets/equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards of Supreme Audit Institutions. Those standards require that I 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 and fair presentation of the financial statements 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 the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

14th Floor, Air Mauritius Centre, John Kennedy Street, Port Louis - Mauritius
Tel. : 212 2096-97/2110882 Fax : (230) 211 0880

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Gambling Regulatory Authority as of 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Report on Other Legal and Regulatory Requirements

Management's Responsibility

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the laws and authorities which govern them.

Auditor's Responsibility

In addition to the responsibility to express an opinion on the financial statements described above, my responsibility includes expressing an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the laws and authorities which govern them.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

Statutory Bodies (Accounts and Audit) Act

In my opinion, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the Statutory Bodies (Accounts and Audit) Act.

Code of Corporate Governance

The directors are responsible for preparing the Corporate Governance Report and making the disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius ("Code"). Our responsibility is to report on these disclosures.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

Public Procurement Act

The Gambling Regulatory Authority is responsible for the planning and conduct of its procurement. It is also responsible for defining and choosing the appropriate method of procurement and contract type in accordance with the provisions of the Act and relevant Regulations. My responsibility is to report on whether the provisions of Part V of the Act regarding the Bidding Process have been complied with.

In my opinion, the provisions of Part V of the Act have been complied with as far as it appears from my examination of the relevant records.

Dr R. JUGURNATH
Director of Audit

National Audit Office
Level 14,
Air Mauritius Centre
PORT LOUIS

25 September 2012

AUDITED

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	NOTES	DECEMBER 2011 (12 Months) Rs	DECEMBER 2010 (18 Months) Rs
ASSETS			
Current Assets			
Cash & Cash Equivalents	3	7,848,157	7,845,946
Receivables	4	89,287	57,628
Inventories		134,879	65,502
Prepayments	4	27,733	101,051
		8,100,056	8,070,127
Non-Current Assets			
Property, Plant & Equipment	5	3,843,351	5,590,926
Intangible Assets	6	208,947	277,714
Retirement Benefits Obligations	7	428,702	265,186
		4,481,000	6,133,826
Total Assets		12,581,056	14,203,953
LIABILITIES			
Current Liabilities			
Payables	8	844,239	85,070
Employee Benefits	9	100,158	759,714
		944,397	844,784
Non-Current Liabilities			
Payables	8	178,432	--
Employee Benefits	9	322,590	278,019
Refundable Guarantee Deposits	10	4,443,282	4,804,482
		4,944,304	5,082,501
Total Liabilities		5,888,701	5,927,285
Net Assets		**6,692,355**	8,276,668
NET ASSETS/EQUITY			
Capital and Reserves			
General Fund		3,448,545	4,912,770
Capital Grant	11	3,243,810	3,363,898
Total Net Assets/Equity		**6,692,355**	8,276,668

The Financial Statements has been approved by Board Resolution on the 13th September 2012.

A. O. JANKEE	B. BALLUCK	A. PONNUSAWMY
Chairperson	Board Member	Ag Chief Executive

STATEMENT OF FINANCIAL PERFORMANCE

for the Year Ended 31 December 2011

	NOTES	DECEMBER 2011 (12 Months) Rs	DECEMBER 2010 (18 Months) Rs
REVENUE			
Government Grant (Recurrent)		16,850,000	35,152,968
Other Income	12	931,755	787,409
Deferred Income		870,088	2,017,596
Total Revenue		18,651,843	37,957,973
EXPENSES			
Staff costs	13	5,866,040	9,610,183
Rent & Utilities	14	6,847,664	10,304,374
General Administration	15	5,621,077	12,870,496
IT Expenses		426,029	230,559
Supplies and Consumables		35,283	69,999
Depreciation & Amortization		1,319,975	4,108,224
Total Expenses		20,116,068	37,193,834
(Deficit)/surplus for the year/period		(1,464,225)	764,139

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

for the Year Ended 31 December 2011

	Contributed Capital Rs	General Fund Rs	Total Rs
Balance at 1 July 2009	5,381,494	4,148,631	9,530,125
Transfer to Contributed Capital	-	-	-
Contributed Capital	-	-	-
Surplus/(deficit) for the year/period	-	764,139	764,139
Deferred Income	(2,017,596)	-	(2,017,596)
Balance at 31 December 2010	3,363,898	4,912,770	8,276,668
Transfer to Contributed Capital	-	-	-
Contributed Capital	750,000	-	750,000
(Deficit)/surplus for the year/period	-	(1,464,225)	(1,464,225)
Deferred Income	(870,088)	-	(870,088)
Balance at 31 December 2011	**3,243,810**	**3,448,545**	**6,692,355**

STATEMENT OF CASH FLOWS

for the Year Ended 31 December 2011

	DECEMBER 2011 (12 Months) Rs	DECEMBER 2010 (18 Months) Rs
CASH FLOWS FROM OPERATION ACTIVITIES		
(Deficit)/surplus for the year/period	(1,464,225)	764,139
Non-cash movements		
Depreciation	1,221,209	3,330,855
Amortization	98,766	777,369
Deferred Income	(870,088)	(2,017,596)
Decrease in payables	(38,584)	139,971
Increase in provisions relating to employee costs	(163,516)	(265,186)
Losses on sale of property, plant and equipment	1,244,345	-
Assets written off	19,485	-
Increase in other current assets	(69,377)	(54,610)
Decrease in receivables	65,318	16,547
Interest Income	(556,186)	(751,409)
Net cash flow from operating activities	(512,853)	1,940,080
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Plant & Equipment	(1,117,464)	(1,065,992)
Proceeds from sale of property, plant and equipment	350,000	-
Interest Received	532,527	753,627
Net cash flow from investing activities	(234,937)	(312,365)
CASH FLOWS FROM FINANCING ACTIVITIES		
Funds received for purchase of assets	750,000	-
Cash generated from Financing Activities	750,000	-
	2,211	**1,627,715**
Net Change in Cash and Cash Equivalents		
Cash & Cash Equivalents at beginning of year/period	7,845,946	6,218,231
Cash & Cash Equivalents at end of year/period	7,848,157	7,845,946
	2,211	**1,627,715**

Notes to the Cash Flow Statement

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

	DECEMBER 2011 (12 Months) Rs	DECEMBER 2010 (18 Months) Rs
Cash on hand and balances with banks	7,848,157	7,845,946

(b) Property, Plant and Equipment

During the year, the economic entity acquired property, plant and equipment with an aggregate cost Rs 1,117,464 of which Rs 750,000 was acquired by means of capital grants by the government.

STATEMENT OF BUDGETS AND ACTUAL REVENUE

for the Year Ended 31 December 2011

	Original Budget	Revised Budget	Actual Amounts Collected	Variation
	Rs	Rs	Rs	Rs
Revenue - License Fees				
Bookmaker-On course	15,750,000	14,875,000	14,875,000	(875,000)
Bookmaker-Off course	3,850,000	3,850,000	3,850,000	-
Bookmaker-Rem. Com. (SMS)	1,210,000	1,210,000	1,210,000	-
Bookmaker-Rem. Com. Telephone	2,220,000	2,220,000	2,220,000	-
Horse Racing Organiser	1,000,000	1,000,000	1,000,000	-
Totalisator	7,750,000	7,230,000	7,230,000	(520,000)
Casino	12,250,000	12,250,000	12,250,000	-
Gaming House "A"	49,875,000	41,625,000	46,000,000	(8,250,000)
Gaming House "B"	250,000	175,000	250,000	(75,000)
Gaming Machines	244,125,000	105,605,000	121,436,250	(138,520,000)
Sweepstake Organiser	112,500	112,500	112,500	-
Local Pool Promoter	30,000	30,000	30,000	-
Agent of a Foreign Pool Promoter	37,500	37,500	37,500	-
Collector	30,000	23,900	33,440	(6,100)
Lottery	7,600,000	6,331,000	7,736,937	(1,269,000)
Dart Games	570,000	570,000	570,000	-
Fixed Odds Betting on Football matches	5,840,000	3,970,000	4,010,000	(1,870,000)
Operator of Mauritius National Lottery	500,000	500,000	500,000	-
Amusement with Prizes (AWP)	2,000,000	436,000	443,500	(1,564,000)
Penalty Fee	-	-	100,000	-
	355,000,000	202,050,900	223,895,127	(152,949,100)

Budgeted Estimates was based on the fact that operators will pay the license fee as a lumps sum on the due date. However, following representations, payment facilities were given in the Finance Act 2010 to allow payment of license fees on a quarterly basis.

STATEMENT OF OUTTURN

for the Year Ended 31 December 2011

	Revised Budget	Actual Expenditure
	Rs	Rs
Expenditure		
Salaries, Allowances & Bonus	4,150,000	4,361,818
Travelling & Transport	650,000	593,666
Overtime	20,000	10,853
Staff Welfare	25,000	11,236
Cost of utilities	1,250,000	1,121,456
Fuel ,Oil, Insurance & Road Tax	100,000	182,587
Rental of Building & Parking Slots	5,735,000	5,735,484
Equipment & Furniture	100,000	139,052
Office Sundries	175,000	327,330
Maintenance	650,000	284,909
Printing & Stationery	250,000	220,999
Air Tickets & Accommodation Costs	-	-
Board Members Fees	2,065,000	1,899,581
Fees for Training,Legal and Consultants	450,000	608,758
Audit Fees	130,000	107,369
Passage Benefits,Sick/Annual Leave,Gratuity	1,500,000	754,353
General Expense	1,005,000	926,700
Pension Contribution	300,000	164,137
Responsible Gambling	445,000	-
Capital		
Acquisition of Assets	2,000,000	-
Total	**21,000,000**	**17,450,288**

Outturn for the year 2011 has been presented on a cash basis.

STATEMENT OF BUDGETS, ACTUAL CASH AND ACCRUED BASED-AMOUNTS

for the Year Ended 31 December 2011

	Original Budget	Revised Budget	Actual Amounts Received / Paid	Financial Statements
	Rs	Rs	Rs	Rs
Revenue				
Licence Fees	355,000,000	202,051,000	223,895,127	223,895,127
Expenditure				
Salaries, Allowances & Bonus	5,750,000	4,150,000	4,361,818	4,361,818
Travelling & Transport	915,000	650,000	593,666	593,666
Overtime	40,000	20,000	10,853	10,853
Staff Welfare	25,000	25,000	11,236	11,236
Cost of utilities	1,400,000	1,250,000	1,121,456	1,112,180
Fuel ,Oil, Insurance & Road Tax	400,000	100,000	182,587	182,587
Rental of Building & Parking Slots	5,735,000	5,735,000	5,735,484	5,735,484
Equipment & Furniture	300,000	100,000	139,052	-
Office Sundries	100,000	175,000	327,330	327,330
Maintenance	300,000	650,000	284,909	270,740
Printing & Stationery	200,000	250,000	220,999	151,622
Air Tickets & Accommodation Costs	1,300,000	-	-	-
Board Members Fees	2,065,000	2,065,000	1,899,581	1,899,581
Fees for Training,Legal and Consultants	350,000	450,000	608,758	608,758
Audit Fees	75,000	130,000	107,369	107,369
Passage Benefits,Sick/Annual Leave,Gratuity	345,000	1,500,000	754,353	899,082
General Expense	1,700,000	1,005,000	926,700	909,335
Pension Contribution	300,000	300,000	164,137	164,137
Responsible Gambling	2,000,000	445,000	-	-
Capital				
Acquisition of Assets	1,000,000	2,000,000	-	-
Total Recurrent Expenditure	24,300,000	21,000,000	17,450,288	17,345,779
Total Expenditure Capitalised				
Computer, Equipment & Software				1,047,314
Furniture				70,150
Total Expenditure	**24,300,000**	**21,000,000**	**17,450,288**	**18,463,242**

STATEMENT SHOWING RECONCILIATION OF ACTUAL CASH FLOWS WITH FINANCIAL STATEMENTS

for the Year Ended 31 December 2011

	Year ended 31 December 2011
	Rs
Expenditure	
Actual Recurrent Expenditure as per statement of Outturn	17,450,288
Commitment for the period	44,260
Inventories at December 2010	65,502
Provisions	
Employee Benefits Obligations	144,729
Retirement Benefits Obligations	(163,516)
Non-cash items	
Depreciation & Amortization	1,319,975
Assets Written-off & Disposed	1,613,830
	20,475,069
Commitment of last year	(85,070)
Inventories at December 2011	(134,879)
Additions to PPE and Intangible Assets	(139,052)
Expenditure as per Statement of Financial Performance	20,116,068

STATEMENT SHOWING REASONS FOR VARIANCES

BETWEEN ORIGINAL AND REVISED BUDGET

for the Year Ended 31 December 2011

Expenditure	Original Budget	Revised Budget	Variation	Comments
	Rs	Rs	Rs	
Salaries, Allowances & Bonus	5,750,000	4,150,000	(1,600,000)	Savings was due to vacancies not filled in the year.
Travelling & Transport	915,000	650,000	(265,000)	Savings was due to vacancies not filled in the year.
Overtime	40,000	20,000	(20,000)	Savings were made to the item.
Staff Welfare	25,000	25,000	-	
Cost of utilities	1,400,000	1,250,000	(150,000)	Savings were made to the item.
Fuel ,Oil, Insurance & Road Tax	400,000	100,000	(300,000)	Savings were made to the item.
Rental of Building & Parking Slots	5,735,000	5,735,000	-	
Equipment & Furniture	300,000	100,000	(200,000)	Savings were made to the item.
Office Sundries	100,000	175,000	75,000	To cater for Office Expense.
Maintenance	300,000	650,000	350,000	To cater for maintenance of IT Equipment
Printing & Stationery	200,000	250,000	50,000	To cater for publications
Air Tickets & Accommodation Costs	1,300,000	-	(1,300,000)	Savings were made to the item.
Board Members Fees	2,065,000	2,065,000	-	
Fees for Training,Legal and Consultants	350,000	450,000	100,000	To cater for consultants.
Audit Fees	75,000	130,000	55,000	To cater for auditors fees
Passage Benefits,Sick/Annual Leave,Gratuity	345,000	1,500,000	1,155,000	To cater for compensation
General Expense	1,700,000	1,005,000	(695,000)	Savings were made to the item.
Pension Contribution	300,000	300,000	-	
Responsible Gambling	2,000,000	445,000	(1,555,000)	Provision made for survey was delayed.
Capital				
Acquisition of Assets	1,000,000	2,000,000	1,000,000	To cater for acquisition of server
Total	**24,300,000**	**21,000,000**	(3,300,000)	

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2011

1. (a) LEGAL FORM AND ACTIVITIES

The Gambling Regulatory Act 2007 was proclaimed on 6 Dec 2007 and the Authority became operational on the same date. In accordance with Section 165 (7) the Gambling Regulatory Authority took over the activities, assets and liabilities of the Horse Racing Board. The assets were taken over at its net book value as stated in the Statement of Financial Position at 5th December 2007.

The Gambling Regulatory Authority is a body corporate under the aegis of the Ministry of Finance & Economic Development.

As per Act the objects of the Authority are:

(a) regulate and control gambling activities and the organisation of lottery games, sweepstakes and lotteries;

(b) regulate and monitor the organisation of horse-racing;

(c) promote public confidence in the integrity of the gambling industry and the horse-racing industry;

(d) ensure that gambling is conducted in a fair and transparent manner;

(e) foster responsible gambling in order to minimise harm caused by gambling;

(f) promote tourism, employment and economic development generally; and

(g) promote the welfare and leisure of the race-going public.

(b) STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET ADOPTED

At the date of authorization of these financial statements, the following International Public Sector Accounting Standards (IPSASs) had already been issued but not yet effective.

	Effective Date Annual period beginning on or after
IPSAS 28: Financial Instruments: Presentation	1 January 2013
IPSAS 29: Financial Instruments: Recognition and Measurement	1 January 2013
IPSAS 30: Financial Instruments: Disclosures	1 January 2013
IPSAS 32: Service Concession Arrangements - Grantor	1 January 2014

The Authority anticipates that the adoption of these Standards in the future periods will have no material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:-

(i) Basis of Accounting

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Board (IPSASB).

Where an IPSAS does not address a particular issue, the appropriate International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) of the International Accounting Standards Board (IASB) are applied.

The financial statements have been prepared on a going-concern basis and the accounting policies have been applied consistently throughout the period. They have been prepared on the historical cost basis.

The Financial Statements are presented in Mauritian Rupees.

(ii) First Time adoption of IPSAS

These are the first set of financial statements prepared in accordance with IPSAS. Last year's financial statements were prepared in accordance with IFRS. The adoption of IPSAS has not required significant changes to be made to the accounting policies previously followed by GRA.

(iii) Comparative Figures

The Authority has prepared its Financial Statements for the twelve months period ending 31st December 2011 as required by the Statutory Bodies (Accounts and Audit) Act.

The Authority's reporting period ends on the 31st December. The preceeding financial statements were prepared for a period of 18 months ending on the 31st December 2010 in accordance with the Statutory Bodies (Accounts and Audit) Act.

The comparative amounts for the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows, Statement of Changes in Net Assets/Equity and related notes are not entirely comparable.

(iv) Revenue Recognition

Revenue consists of grants received from the Government and bank interest and are recognised on an accrual basis.

Revenue from sale of goods are recognised at the time they are sold out to customers. Investment income is recognised in the Financial Statements when the organisation's right to receive payments is established.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Foreign Currency Transactions

Transactions in foreign currencies are translated to Mauritian rupee at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at balance sheet date and gains or losses on translation are recognised in the statement of financial performance.

(vi) Operating Lease

Rentals payable under operating lease agreements are charged to the Statement of Financial Performance on a straight line basis over the term of the relevant lease.

Operating leases are leases of assets, the ownership of which are retained by the lessor.

(vii) Grant Receivable

Asset - related grants are treated as deferred income and amortized over the useful life of the assets, whereas income - related grants are recognised in the period they become receivable.

(viii) Retirement Benefit Costs

(a) State Plan

The Gambling Regulatory Authority contributes to National Pension Scheme for those working on contract basis. It also contributes for those holding a permanent and pensionable post to the Family Protection Scheme run by SICOM Ltd. The contributions are expensed to the Statement of Financial Performance in the period in which they fall due.

(b) Defined Benefit Pension Plan

The GRA operates a defined benefit pension plan managed by the SICOM Ltd. The plan is funded by contributions from employees and employer. The employees contribute at the rate of 6% of pensionable salaries, which is effectively paid by the GRA on their behalf as from July 2008. The GRA's rate of contribution is determined by independent actuaries.

The retirement benefit obligation recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognised actuarial losses and past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

The current service cost and any past service cost are included as an expense together with the associated interest cost, net of expected return on plan assets.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ix) Employee Leaves Entitlement

Employee entitlements to sick leave, gratuity, annual leave, vacation leave and passage benefits defined in the contract of employment are recognised as and when they accrue to employees.

(x) Property, Plant and Equipment

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets by equal instalments over their estimated useful lives using the straight line method as follows:-

	Expected useful life	Rates of Depreciation per annum
Computer- Hardware, Peripherals & Electronic Equipment	3 years	33.33%
Office Equipment	5 years	20%
Motor Vehicles	5 years	20%
Furniture, Fixtures & Fittings	10 years	10%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance.

Purchase of non-current assets below the threshold of Rs 5,000 is written off during the year.

(xi) Intangible Assets

Computer software that is not considered to form an intergral part of any hardware equipment is recorded as intangible assets. The software is capitalized at cost and amortised over its estimated useful lives of 5 years.

(xii) Impairment

At the end of each reporting period, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).
Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable amount of the cash-generating-unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xiii) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank which are subject to an insignificant risk of changes in value.

(xiv) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(xv) Provisions

Provision are recognised when the GRA has a present obligation as a result of a past event, and it is probable that the GRA will be required to settle that obligation.

(xvi) Financial Instruments

Financial assets and financial liabilities are recognised in the Authority's Statement of Financial Position when the Authority has become a party to the contractual provisions of the instrument.

The accounting policies in respect of the main financial instruments are set out below:

(a) Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

(b) Cash and cash equivalents

Cash includes balances with banks. Cash equivalents are short-term, highly liquid assets which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

(c) Trade payables

Trade payables are stated at their nominal value.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xvii) Critical Judgements and Key Sources of Uncertainty

The preparation of financial statements in accordance with IPSAS requires the Authority's management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

The key assumptions concerning the future and other key sources of estimation and uncertainty at the Statement of Financial Position date include useful lives of Property Plant and Equipment and Retirement Benefits Obligations.

3. CASH AND CASH EQUIVALENTS

	DECEMBER 2011 *(12 Months)* Rs	DECEMBER 2010 *(18 Months)* Rs
Savings A/C	1,640,814	1,732,104
Savings A/C - License	635,183	393,291
Savings A/C -Deposit	5,571,740	5,716,610
Cash in Hand	420	3,941
	7,848,157	7,845,946

The bank balances comprise cash held by the Authority at the Mauritius Post and Cooperative Bank. The carrying amount of these approximate their fair value.

4. RECEIVABLES

	DECEMBER 2011 *(12 Months)* Rs	DECEMBER 2010 *(18 Months)* Rs
Receivables		
Other Receivable	20,000	12,000
Interest Receivable	69,287	45,628
	89,287	57,628
Deposit and Prepayments	27,733	101,051

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2011

5. PROPERTY, PLANT & EQUIPMENT

	COMPUTER HARDWARE, PERIPHERALS	OFFICE EQUIPMENT	FURNITURE & FIXTURES	MOTOR VEHICLES	TOTAL
COST	Rs	Rs	Rs	Rs	Rs
At 31st December 2010	7,814,607	752,338	2,121,531	6,396,508	17,084,984
Additions - New	1,017,314	-	70,150	-	1,087,464
Disposal	(3,553)	(10,000)	(19,320)	(3,339,507)	(3,372,380)
At 31st December 2011	8,828,368	742,338	2,172,361	3,057,001	14,800,068
DEPRECIATION					
At 31st December 2010	7,523,643	372,937	360,020	3,237,458	11,494,058
Charge for the year	140,927	91,685	210,221	778,375	1,221,209
Disposal	(2,224)	(860)	(10,304)	(1,745,162)	(1,758,550)
At 31st December 2011	7,662,346	463,762	559,937	2,270,672	10,956,717
CARRYING AMOUNT					
At 31st December 2010	290,964	379,401	1,761,511	3,159,050	5,590,926
At 31st December 2011	1,166,022	278,576	1,612,424	786,329	3,843,351

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2011

6. INTANGIBLE ASSETS

	COMPUTER SOFTWARE
COST	Rs
At 31st December 2010	3,862,956
Additions - New	30,000
At 31st December 2011	3,892,956
DEPRECIATION	
At 31st December 2010	3,585,242
Charge for the year	98,766
At 31st December 2011	3,684,008
CARRYING AMOUNT	
At 31st December 2010	277,714
At 31st December 2011	208,947

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2011

7. RETIREMENT BENEFIT OBLIGATION

The pension plan is a defined benefit plan for employees and is funded by both the GRA and its employees. The assets of the funded plan are held and administered independently by SICOM Ltd.

	DECEMBER 2011 *(12 Months)* Rs	DECEMBER 2010 *(18 Months)* Rs
Amount recognised in Statement of Financial Position at end of year		
Present value of funded obligation	243,348	157,431
(Fair value of plan assets)	(616,487)	(422,346)
	(373,139)	(264,915)
Present value of unfunded obligation	-	-
Unrecognised actuarial gain/(loss)	(55,563)	(271)
Liability recognised in statement of financial position at end of year	**(428,702)**	**(265,186)**
Amounts recognised in statement of financial performance:		
Current service cost	66,217	62,403
(Employee Contributions)	(65,444)	(132,057)
Fund expenses	3,927	7,923
Interest cost	16,530	-
(Expected return on plan assets)	(53,858)	(20,139)
Actuarial loss/(gain) recognised	-	-
Past service cost recognised	-	80,798
Total, included in staff costs	**(32,628)**	**(1,072)**
Movements in liability recognised in statement of financial position:		
At start of year	(265,186)	-
Total staff cost as above	(32,628)	(1,072)
(Contributions paid by employer)	(130,888)	(264,114)
At end of year	**(428,702)**	**(265,186)**
Actual return on plan assets:	**12,957**	**38,752**
Main actuarial assumptions at end of year:		
Discount rate	10.50%	10.50%
Expected rate of return on plan assets	10.50%	10.50%
Future salary increases	7.50%	7.50%
Future pension increases	5.50%	5.50%

The assets of the plan are invested in funds managed by State Insurance Company of Mauritius Ltd.

The discount rate is determined by reference to market yields on bonds.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2011

7. RETIREMENT BENEFIT OBLIGATION (CONT'D)

	DECEMBER 2011 (12 Months)	DECEMBER 2010 (18 Months)
Reconciliation of the present value of defined benefit obligation	**Rs**	Rs
Present value of obligation at start of period	157,431	-
Current service cost	66,217	62,403
Interest cost	16,530	-
Past service cost	-	80,798
(Benefits paid)	(11,221)	(4,654)
Liability (gain)/loss	14,391	18,884
Present value of obligation at end of period	**243,348**	157,431
Reconciliation of fair value of plan assets		
Fair value of plan assets at start of period	422,346	-
Expected return on plan assets	53,858	20,139
Employer contributions	130,888	264,114
Employee contributions	65,444	132,057
(Benefits paid + other outgo)	(15,148)	(12,577)
Asset gain/(loss)	(40,901)	18,613
Fair value of plan assets at end of period	616,487	422,346
Distribution of plan assets at end of period		
Percentage of assets at end of year	**2011**	**2010**
Government securities and cash	50.60%	52.20%
Loans	7.80%	7.80%
Local equities	23.20%	25.20%
Overseas bonds and equities	17.50%	14.00%
Property	0.90%	0.80%
Total	100%	100%

Additional disclosure on assets issued or used by the reporting entity		
	2011	**2010**
Percentage of assets at end of year	(%)	(%)
Assets held in the entity's own financial instruments	0	0
Property occupied by the entity	0	0
Other assets used by the entity	0	0
History of obligations, assets and experience adjustments		
Year	**2011**	**2010**
Currency	**Rs**	**Rs**
Fair value of plan assets	616,487	422,346
(Present value of defined benefit obligation)	(243,348)	(157,431)
Surplus/(deficit)	373,139	264,915
Asset experience gain/(loss) during the period	(40,901)	18,613
Liability experience gain/(loss) during the period	(14,391)	(18,884)
Year	**2012**	
Expected employer contributions	129,691	

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2011

8. PAYABLES

	DECEMBER 2011 (12 Months) Rs	DECEMBER 2010 (18 Months) Rs
Current Liabilities		
Payables and Accrued Expenses	844,239	85,070
Non Current Liabilities		
Other Payables (payables after one Year)	178,432	-

9. EMPLOYEE BENEFITS

Employee benefits represent provision for sick leave, annual leave, passage benefits and gratuity. This year the accumulated balance under these items are detailed as below:-

	DECEMBER 2011 (12 Months) Rs	DECEMBER 2010 (18 Months) Rs
Opening Balance	1,037,733	844,760
Earnings for the year	144,729	808,183
Paid to staff	(759,714)	(615,210)
Balance as at 31 December 2011	422,748	1,037,733
These obligations are payable as follows:		
Current Liabilities		
Payable within one year	100,158	759,714
Non Current Liabilities		
Payable after one year	322,590	278,019
	422,748	1,037,733

10. REFUNDABLE GUARANTEE DEPOSITS

Bank Guarantee for the sum of Rs 93,889,000 has been furnished by licensees as security to the Authority. An amount of Rs 4,443,282 realised by the Authority, has been included in Accounts Payables.

11. CAPITAL GRANTS

	DECEMBER 2011 (12 Months) Rs	DECEMBER 2010 (18 Months) Rs
Grant B/f	3,363,898	5,381,494
Grant Received for the year	750,000	
Amount released to Statement of Financial Performance	(870,088)	(2,017,596)
	3,243,810	3,363,898

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2011

12. OTHER INCOME

	DECEMBER 2011 (12 Months) Rs	DECEMBER 2010 (18 Months) Rs
Interest Received	486,899	705,781
Interest Receivable	69,287	45,628
Sundry Income	25,569	36,000
Sales of Assets	350,000	-
	931,755	787,409

13. STAFF COSTS

	DECEMBER 2011 (12 Months) Rs	DECEMBER 2010 (18 Months) Rs
Social Security Costs	164,137	266,464
Salaries and other allowances	5,720,690	8,800,722
Employee Benefits obligations	144,729	808,183
Retirement Benefits Obligations	(163,516)	(265,186)
	5,866,040	9,610,183
Number of Employees	10	10

14. RENT & UTILITIES

	DECEMBER 2011 (12 Months) Rs	DECEMBER 2010 (18 Months) Rs
Rent of Building	5,645,784	8,468,676
Rental of Parking Slots	89,700	134,550
Telephone Charges	541,206	838,730
Electricity Charges	570,974	862,418
	6,847,664	10,304,374

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2011

15. GENERAL ADMINISTRATION

	DECEMBER 2011 (12 Months) Rs	DECEMBER 2010 (18 Months) Rs
Board Members' Fees	1,899,581	2,863,226
Legal Fees	378,758	490,000
Police des Jeux	180,000	435,000
Postage	8,512	16,400
Newspapers & Periodicals	283,536	49,584
Repairs & Maintenance	453,327	484,792
Printing & Stationery	151,622	300,919
General Expenses	418,323	635,789
Consultancy Fees	230,000	5,977,968
Assets Written Off & Disposed	1,613,830	-
Bank Charges	3,589	6,145
Overseas Missions	0	1,606,820
Subscription	0	3,854
	5,621,077	12,870,496

16. OPERATING LEASE ARRANGEMENTS

	DECEMBER 2011 (12 Months) Rs	DECEMBER 2010 (18 Months) Rs
Minimum lease payments under operation lease recognised	5,735,484	8,603,226

At Balance Sheet date, the Authority has outstanding commitments under non-cancellable operating leases, which fall due as follows:-

- within one year	5,735,484	5,735,484
- In the second to third years inclusive	7,169,355	12,904,839
	12,904,839	18,640,323

Operating lease payments represents rentals payable by the GRA for leasehold of office space and two parking slots with effect from 1st April 2009 for a period of five years.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2011

17. (DEFICIT)/SURPLUS FOR THE YEAR/PERIOD

(Deficit)/Surplus for the year/period has been arrived at after (charging)/crediting:

	DECEMBER 2011 *(12 Months)*	DECEMBER 2010 *(18 Months)*
	Rs	Rs
Other Income	931,755	787,409
Board Members' Fees	(1,899,581)	(2,863,226)
Depreciation	(1,319,975)	(4,108,224)
Staff Costs	5,866,040	(9,610,183)

18. LICENCE FEE

In accordance with section 11 (2) of the Gambling Regulatory Act 2007, licence fee amounting to Rs 223,895,127 has been collected for period 1st January to 31st December 2011 and paid to the Consolidated Fund.

19. FINANCIAL INSTRUMENTS

Fair Values

The directors are of opinion that the carrying amounts of the financial assets and liabilities approximate their fair values due to the short term nature of the balances involved.

Currency profile

The Authority's financial assets and liabilities are denominated in Mauritian Rupees.

Currency risk

The Authority is not exposed to foreign currency risk and its transactions are denominated in no currencies other than the Mauritian Rupee.

Credit risk

The Authority's credit risk is primarily attributable to its trade receivables. At the year end, the Authority had no significant concentration of credit risk which has not been adequately provided for.

Interest Rate risk

The Authority's income and operating cash flows are substantially independent of changes in market interest interest rates.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2011

20. CONTINGENT LIABILITIES

The GRA has contingent liabilities in respect of claims which are being disputed before the court. However, it is difficult to give a prudent estimate of their financial effects.

21 RELATED PARTY TRANSACTION

The immediate and ultimate controlling party of the Authority is the Government of Mauritius.

Remuneration of key management personnel

Remuneration of Board members and other members of key management during the period was as follows:

	DECEMBER 2011 *(12 Months)* Rs	DECEMBER 2010 *(18 Months)* Rs
Short term benefits		
Fees to Board Members	1,899,581	2,863,226
Management Personnel Compensation	3,120,371	4,438,812
	5,019,952	7,302,038

22. RECONCILIATION OF BUDGETARY RESULTS AND RESULTS AFTER IPSAS ADJUSTMENT FOR THE YEAR

In order to reconcile the budget outturn results to the results after IPSAS adjustments for the year, differences between budget accounting and accrual accounting need to be taken into account. The most significant of these differences are the following:

(a) In budget accounting, revenue is required to cover all committed expenditures. In accrual accounting, revenue and expenses only includes amounts corresponding to amounts accruing to the period. The difference is treated as deferred revenue or expenses in accrual accounting.

(b) In budget accounting, capital expenditures are recorded as current year expenses. In accrual accounting this expenses is capitalized and depreciated over the useful lives of the assets. These capital expenditures and associated depreciation are recorded at their net value as assets in the Statement of Financial Position, Depreciation expense is recorded in the Statement of Financial Performance.

(c) In budget accounting expenditure for employee benefits is accounted for on a pay you go basis as in the case for payments of pensions on retirement. In accrual accounting, the expense is estimated by an actuary in accordance with a methodology set out in accounting standards. Basically, the pension and post-employment benefits obligation is to be reported in the Statement of Financial Position.

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