

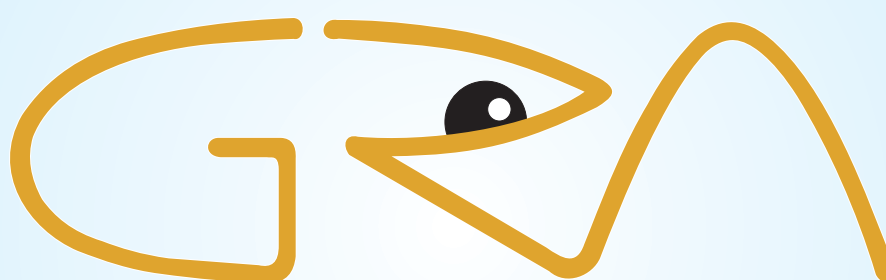


GAMBLING REGULATORY AUTHORITY

ANNUAL REPORT

2012





GAMBLING REGULATORY AUTHORITY
ANNUAL REPORT 2012

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Vision and Mission and Core Values

Vision

To be a world class, forward looking, innovative, and dynamic body based on fundamental principles of incorruptibility, meritocracy and impartiality.

Mission

To deliver prompt and efficient services to its stakeholders, ensure that gambling activities are conducted in a fair and transparent manner, and foster responsible gambling in order to minimize harm caused by gambling.

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 priority.

Acting Chief Executive's Message

I am privileged and honoured to present the fifth Annual Report of the Gambling Regulatory Authority for the year ending 31st December 2012. This is a mandatory requirement as per the Gambling Regulatory Act, but it is also an occasion to take stock of what the GRA has achieved during the past year and what are in store for the coming years.

2012 has been quite a challenging year for the GRA in many ways. Indeed during the year, the Authority has made major strides in regulating the gambling activities in the country. The main objective of tightening further the legal framework is to ensure that these activities are carried out in a fair and transparent manner within the provisions of the GRA Act. In line with the policy of the Government, GRA acts as a facilitator in promoting responsible gambling while ensuring that there is no abuse or misuse of these activities, especially among the vulnerable groups of our society.

Following the amendments brought to GRA Act relating to the replacement of Amusement Machines With Prizes (AWP) by Limited Payout machines (LPM), Government decided to allow operators of AWP machines to continue the current business activity on the existing places of amusement pending the finalisation of the technical standards for LPM by the Mauritius Standard Bureau. The exercise is nearing completion. As at end December 2012, seven companies have submitted applications for a LPM licence.

GRA has been active on the enforcement front as well. In fact with the active support the Commissioner of Police, through the Police Des Jeux, a number of crack down operations has been carried out island wide on potential illegal operators of LPM. This exercise has enabled the Authority to halt such illegal activities and also protecting our people from falling prey to unscrupulous and illegal transactions.

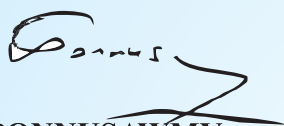
Equally the Authority was confronted with a situation where punters were complaining about the large number of football leagues on which betting were offered. In accordance with the GRA Act and to exercise better control on football betting, the Board has capped the number of football leagues played around the continents after taking into account the concerns of the bookmakers so that they could offer bets throughout the year without hampering their business activity. In addition, the linking of the system of bookmaker conducting fixed odd betting on football matches played outside Mauritius has reached an advanced stage.

The GRA has commissioned the University of Mauritius to conduct a nationwide study to gather information about gambling with a view to better understanding the incidence of the gambling sector in the Republic of Mauritius. The results of the survey are expected to be released by



end February 2013 and same will be used by the Authority to identify areas where preventive and corrective measures are required. Meanwhile a number of amendments has been brought to the GRA Act by the Finance Act 2012 for ensuring better control in the gambling industry

Lastly, I wish to express my deep appreciation to all our staff for their dedicated and continuous good work which have been remarkable. I wish also to say thank you to the Chairperson and members of the GRA Board for their guidance and support throughout the year.



A.PONNUSAWMY
Ag Chief Executive

GRA in figures

Description	Revenue Collection	
	2012	2011
	Rs	Rs
Bookmaker-On course	13,825,000	14,875,000
Bookmaker-Offcourse	3,850,000	3,850,000
Bookmaker-Rem. Com. (SMS)	1,190,000	1,210,000
Bookmaker-Rem. Com. Telephone	2,220,000	2,220,000
Horse Racing Organiser	1,000,000	1,000,000
Totalisator	6,960,000	7,230,000
Casino	14,000,000	12,250,000
Gaming House "A"	65,250,000	46,000,000
Gaming House "B"	162,500	250,000
Gaming Machines	215,967,500	121,436,250
Sweepstake Organiser	112,500	112,500
Local Pool Promoter	30,000	30,000
Agent of a Foreign Pool Promoter	37,500	37,500
Collector	34,200	33,440
Lottery	14,952,147	7,736,937
Dart Games	570,000	570,000
Fixed Odds Betting on Football matches	4,070,000	4,010,000
Operator of Mauritius National Lottery	500,000	500,000
Amusement with Prizes (AWP)	--	443,500
Limited Payout Machine (LPM)	4,230,000	--
Penalty Fee	--	100,000
TOTAL	348,961,347	223,895,127

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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 are as stipulated in Section 4 of the GRA Act:-

- (a) regulate and control gambling activities and the organization of lottery games, sweepstakes and lotteries;
- (b) regulate and monitor the organization 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 minimize harm caused by gambling;
- (f) promote tourism, employment and economic development generally; and
- (g) promote the welfare and leisure of the race-going public.

The GRA Act 2007

The affairs of the Authority are 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.”

Strategic Objectives & Plan

Strategic Objectives & Plan

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 Performances for the year under review

Strategic 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	Performing to the satisfaction of Government	95%	95%
1.2	Process application/ renewal for all gambling and gaming licences including registration of Bookmaker's clerk	No. of licence renewed/processed	450	450
1.3	Collection of license fees	Ensure prompt collection of licence fees and remitted to the consolidated fund	100%	100%
1.4	Application of financial rules regulations of budgetary disciplines	Ensure all payments which is in order settled	100%	100%
1.5	Compliance with recommendation of the NAO and Internal Audit & FRC	Implementation of recommendations	90%	75%
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 and rules	100%	100%
		% of Investigations	50%	50%
2.2	Investigation of complaints from Bookmakers and other stakeholders about the conduct of gambling and malpractices	% of complaints resolved	90%	80%
Goal 3		Promotion of Responsible Gambling		
3.1	Promotion of Responsible Gambling	Setting up a Responsible Gambling Programme		National Survey, prevalence of gambling in Mauritius completed

Corporate Governance

Corporate Governance

The Gambling Regulatory Authority recognizes good corporate governance practices as a pre-requisite for good performance within the organization. The corporate governance structures put in place are in accordance with the code of Corporate Governance of Mauritius. This section highlights the GRA Board, its Roles and Functions, Board Committees, Internal Audit, Risk Management, Auditing and Accounting principles and Integrated Sustainability Reporting.

The Board

The powers and duties of the GRA Board are set out in the GRA Act. 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 Board.

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 conducive 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

For the period 1st January to 31 December 2012, the Board was constituted as follows:-

Chairperson : Mr. A. O. Jankee

Vice – Chairperson : Mr L.A. P. Hack

Members : Mrs K.O. Fong Weng-Poorun - Representative of the
Prime Minister's Office
: Mr. D. Dabee - Representative of the Attorney-General's Office
: Mr G.Bussier - Representative of the Ministry of Finance and Economic
Development
: Mrs P. Roy - Representative of the Ministry of Tourism & Leisure
: Mr. R. Sooroojebally - Representative of the Commissioner of Police
: Mr. S. K. Ah Kim - Member
: Mr B. Balluck - Member

All members of the Board are non-executive Directors

Profile of Board Members

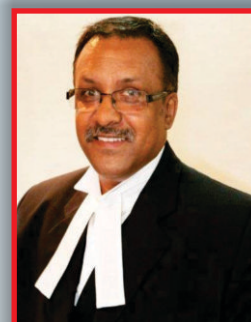


Mr Oopuddhye Amritlall JANKEE
Chairperson

Oopuddhye Amritlall Jankee, is a Solicitor practicing for nearly 29 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.

Mr L. A. Penny HACK
Vice Chairperson

L. A. Penny Hack is a Barrister at law practicing for nearly 20 years. He was appointed Vice Chairperson of the GRA in April 2012. He is currently Director/ Partner of Mahons International Mauritius Ltd and has wide experience in the legal field, working in different companies and law firms



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., Mauritius Revenue Authority, State Bank of Mauritius Ltd. and State Insurance Company of Mauritius Ltd., as well as being legal Adviser to a number of public organizations.



Gerard BUSSIER

Board Member

Gerard Bussier was appointed to the Board in November 2011. He is presently performing the duties of Director at 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 the 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 & Committees

Board meetings are organized on a monthly basis by giving appropriate notice. The Gambling Regulatory Authority held ten Board Meetings and two Special Meetings to address specific issue during the period under review. 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:-

Members	Board Meetings Attended
Mr. A. O. Jankee	12 / 12
Mr L.A.P. Hack	10 / 10
Mrs K.O. Fong Weng-Poorun	06 / 12
Mr. D. Dabee	12 / 12
Mr G. Bussier	10 / 12
Mrs P. Roy.	11 / 12
Mr. R. Sooroojebally	11 / 12
Mr. S. K. Ah Kim	10 / 12
Mr B. Balluck	12 / 12

Board Fees

The Chairperson of the Board was paid a monthly fee of Rs 50,000 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.

The Vice Chairperson was paid a monthly fee of Rs 35,000 and all other Board Members were entitled to a monthly fee of Rs 15,000.

Major Decisions of the Board during the period January to December 2012

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

- the type of games allowed on Limited Payout Machines;
- the Mauritius Standards Bureau to identify and prepare the technical standards for Limited Payout Machines;

- the University of Mauritius to conduct a national survey on the prevalence of gambling in Mauritius;
- the connection of bookmakers conducting fixed odds betting through remote communication to the Central Server;
- the connection of bookmakers conducting fixed odds betting on football matches taking place outside Mauritius to the Central Server;
- the maximum number of football leagues for conducting fixed odds betting;
- crackdown exercise for potential illegal Limited Payout Machines operators; and
- amendments to the Gambling Regulatory Authority Act for ensuring better control in the gambling industry and protection of the punters.

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 constituted as follows:-

Mr S.K Ah Kim - Chairperson
 Mr A.O. Jankee, Member (up to 20th April 2012)
 Mr L.A.P. Hack, Member (as from 20th April 2012)
 Mr G. Bussier, Member
 Mr A. Ponnusawmy, the Acting Chief Executive of the GRA (as from 26th March 2012)
 Mr Anil Kumar Kokil, Acting Chief Executive of the GRA (up to 25th March 2012)

The GRA held four Tender Committee meetings for the period 1st January to 31st December 2012 and the Tender Committee Attendance is summarised below:

Members	Tender Committee Meeting
Mr. S.K. Ah Kim	4 / 4
Mr A.O. Jankee (up to 20 th April 2012)	2 / 2
Mr L.A.P. Hack (as from 20 th April)	1 / 3
Mr G. Bussier	4 / 4
Mr A.K.Kokil (up to 25 th March 2012)	0 / 4
Mr A. Ponnusawmy (as from 26 th March 2012)	3 / 4

Committees

The Authority has not yet set up committees such as Audit, Risk and Corporate Governance Committees. Thus, the Board and the Acting Chief Executive of the GRA ensure corporate governance through adoption of appropriate procedures.

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

Auditing and Accounting

The Board is responsible for the timely preparation of the Annual Report which includes the financial statements for every financial year.

With regards to the Annual Report for the year ended 31 December 2012, the Chief Executive has, not later than 3 months after the end of the financial year to submit the annual report to the Board for approval. After approval by the Board, the Chief Executive must, not later than 30 April 2012, submit the Annual Report, including the financial statements, to the National Audit Office.

The Director of Audit, must within 6 months of the date of receipt of the Annual Report, submit the Annual Report and the Audit Report to the Board.

On receipt of the Annual Report including the audited financial statements and the Audit Report, the Board, not later than one month from the date of receipt, furnishes the Minister of Finance and Economic Development with such reports and financial statements.

Management Profiles

The profiles of Top Management are given hereunder:

Mr. Anil Kumar Kokil

Acting Chief Executive (as from 12th April 2011 up to 25th March 2012)

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.

Mr. Arnasalon Ponnusawmy

Acting Chief Executive (as from 26th March 2012)

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.

Communication with Stakeholders

The GRA continues to maintain its open door policy with its stakeholders for ensuring 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

The Board is responsible for ensuring that procedures and practices are in place to protect the Authority's assets and reputation. In this context it reviews the processes and procedures to ensure the effectiveness of the Authority's Internal Control Systems and proper segregation of duties.

Risk Management

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

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

The GRA recognises that continuous effort is needed to reinforce its risk management structures and further improve its governance processes to ensure that they are in line with best practices.

Code of Discipline

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. This is essential to enable the Authority to earn respect from its stakeholders.

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

The Authority regards the Government of Mauritius as its controlling party and has disclosed at Note 20 to the Financial Statements the related party transactions for the year under review in accordance with IPSAS 20 (Related Party Disclosures).

As per provisions of the Act constituting the Authority, the Board members represent the interest of stakeholders. However, the Board considers that such representation does not trigger any other related party transactions that would require any further disclosure.

Health and Safety

The GRA recognises that Health and safety is of fundamental importance and is committed to provide and maintain a healthy, safe and secure working environment for the well being of staff and customers.

Responsibility towards the Environment

In its continuous pursuit of environmental excellence, the GRA is integrating environmental issues into its business decision making process.

In this respect the GRA ensures that gaming licenses are not issued to the detriment of the society and environment. Stakeholders as far as possible are encouraged to use electronic communication. 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.

General Review

General Review

Staffing

In accordance with Section 13(1) of the GRA Act, the responsibility of the execution of the policy of the Board and the control and management of the day-to-day business of the Authority rests upon the Chief Executive.

During the reporting period the Authority was headed by an Ag. Chief Executive and supported by a personnel of nine members including three officers on secondment from the Ministry of Finance and Economic Development and two officers on contract. However one contract Officer resigned in June 2012.

The Authority was also assisted by a team of officers of the “Police des Jeux”.

Horse Racing Organizer

The Mauritius Turf Club sought and obtained the approval of the Board to organize thirty-eight race meetings during the 2012 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

Section 158(1) of the GRA Act provides that “*Any person who is aggrieved by any act or omission in respect of any activity regulated under this Act may make a complaint in writing to the Authority.*”

In this context, complaints which involve an expectation by the complainant that they will receive a financial settlement 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 2012.

Activity	Types of complaints	Total	Action taken				
			Refer to Police des Jeux	Settled	Withdrawn	Not upheld	Under Process
Gaming House	Malfunctioning of Gaming Machine	1		1			
	Non validation of winning bet	2		1			1
	Incident near gaming house	2	2				
	Miscellaneous	3	2				1
Bookmaker conducting Fixed Odds Betting on local race	- Tickets – lost, unreadable, cancelled & erroneous, refund i.c.w withdrawal & wrong results	16		7		2	7
Bookmaker conducting Fixed Odds Betting on Football Matches	- Scheduled kick-off time, tickets (lost, unreadable & erroneous), void matches, Inaccurate fixtures & results	37		15	3	15	4
Limited Payout Machine	Disturbance, operating without licence	3	1			2	
TOTAL		64	5	24	3	19	13

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 to 31 December 2012, the Police des Jeux has detected 15 cases which contravened the Act.

A summary of these cases are given hereunder:-

No. of cases detected	No of persons contravened	No. of persons arrested	No. of persons convicted	No. of cases dismissed/ no further action	No. of cases pending before Court	No. of cases pending decision of DPP	No. of cases under enquiry
15	6	13	-	-	1	-	14

Licencees

Activity for period 1st January to 31st December 2012 under the Gambling Regulatory Act is as follows:-

Licensee	No. of Licences as at 31st Dec 2011	New Licences Issued/ renewed	Licences not renewed	No. of Licences as at 31st Dec 2012
Bookmakers	52	-	2	50
Bookmakers operating by Telephone No. of Outlets	2 38	- -	- -	2 38
Bookmakers operating by SMS No. of Outlets	1 20	- -	- -	1 20
Bookmaker – FOB on Football matches No. of Outlets	7 76	- -	- -	7 76
Collector	171	-	78	93
Casinos	4	-	-	4
Gaming House “A”	20	-	-	20
Gaming House “B”	4	-	-	4
No. of Gaming Machines	1809	15	45	1779
Horse Racing Organiser	1	-	-	1
Agent of Foreign Pool Promoter	1	-	-	1
Local Pool Promoter	1	-	-	1
Sweepstake Organiser	3	-	-	3
Dart Games Operator	9	-	-	9
Promotional Lottery	46	49	46	49
Operator of Mauritius National Lottery	1	-	-	1
Totalisator	2	-	-	2
No. of Outlets	49	-	-	49
No. Amusement with Prizes machines	887	-	41	846

Licence 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.	Limited payout machine	5,000 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
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
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

	Licence	Fee (Rupees)	Period
	(c) through remote communication (i) in respect of the principal place of business; (ii) in respect of each additional place at which facilities are provided.	175,000 175,000 20,000 20,000	1 January to 15 August of every year or part thereof 16 August to 31 December of every year or part thereof 1 January to 15 August of every year or part thereof 16 August to 31 December of every year or part thereof
8.	Bookmaker conducting fixed odds betting on any event or contingency— (a) in respect of the principal place of business; (b) in respect of each additional place of business	350,000 20,000	12 months 12 months
9.	Sweepstake organiser	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— Authorised days and time Days immediately preceding race day falling on Saturday— <i>Day</i> <i>Time</i> Thursday 13.00 hrs to 18.00 hrs Friday 10.00 hrs to 18.00 hrs Days immediately preceding race day falling on Sunday— <i>Day</i> <i>Time</i> 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	15,000 per dart board 15,000 per dart board	1 January to 15 August every year or part thereof 16 August to 31 December every year or part thereof
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	—

Statement of Directors' Responsibilities

GRA has prepared financial statements for the year 2012 which give a true and fair view of its financial position and its financial performance.

In preparing these financial statements, GRA 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 above requirements have been complied with.

GRA is responsible for keeping proper accounting records for the purpose of recording all the transactions relating to its undertakings, funds, activities and property.

The Board is responsible for the system of Internal Control and Risk Management for the GRA. The Authority is committed to maintain a sound system of risk management and adequate control procedures with a view to safeguarding its assets and 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	 A. Ponnusawmy Ag Chief Executive
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Report of the Director of Audit

*On the Financial Statements of the Gambling Regulatory Authority
for the year ended 31 December 2012*



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 2012, 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.

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 2012, 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

16 August 2013

Financial Statements

For the year Ended 31st December 2012

GRA FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012			
		31 DECEMBER 2012	31 DECEMBER 2011
	NOTES	Rs	Rs
ASSETS			
Current Assets			
Cash & Cash Equivalents	4	10,877,220	7,848,157
Receivables	5	68,429	89,287
Inventories		116,098	134,879
Prepayments	5	71,976	27,733
		11,133,723	8,100,056
Non-Current Assets			
Property, Plant & Equipment	6	3,724,170	3,843,351
Intangible Assets	7	896,757	208,947
Retirement Benefits Obligations	8	573,464	428,702
		5,194,391	4,481,000
Total Assets		16,328,114	12,581,056
LIABILITIES			
Current Liabilities			
Payables	9	340,706	844,239
Employee Benefits	10	78,232	100,158
Deferred Income	12	1,154,052	870,088
		1,572,989	1,814,485
Non-Current Liabilities			
Payables	9	92,037	178,432
Employee Benefits	10	367,758	322,590
Deferred Income	12	1,804,117	2,373,722
Refundable Guarantee Deposits	11	7,545,957	4,443,282
		9,809,869	7,318,026
Total Liabilities		11,382,858	9,132,511
Net Assets		4,945,256	3,448,545
NET ASSETS/EQUITY			
Capital and Reserves			
General Fund		4,945,256	3,448,545
Total Net Assets/Equity		4,945,256	3,448,545

Approved by Board Resolution on the 29th July 2013

A.O. Jankee
Chairperson

S.K. Ah Kim
Board Member

A. Ponnusawmy
Ag Chief Executive

GRA FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2012				
		31 DECEMBER		31 DECEMBER
		2012		2011
	NOTES	Rs		Rs
OPERATING REVENUE				
Government Grant		17,147,000		16,850,000
Other Income	13	677,549		931,755
Deferred Income		1,154,052		870,088
Total Revenue		18,978,601		18,651,843
OPERATING EXPENSES				
Staff costs	14	4,134,254		5,866,040
Rent & Utilities	15	6,912,630		6,847,664
General Administration	16	4,200,236		5,621,077
IT Expenses		398,104		426,029
Supplies and Consumables		38,085		35,283
Depreciation & Amortization		1,798,581		1,319,975
Total Operating Expenses		17,481,890		20,116,068
Net Surplus/(Deficit) for the period		1,496,711		(1,464,225)

GRA FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012		
	General Fund	Total
	Rs	Rs
Balance at 1 January 2011	4,912,770	4,912,770
(Deficit)/Surplus for the year/period	(1,464,225)	(1,464,225)
Balance at 31 December 2011	3,448,545	3,448,545
Balance at 1 January 2012	3,448,545	3,448,545
Surplus/(Deficit) for the year	1,496,711	1,496,711
Balance at 31 December 2012	4,945,256	4,945,256

GRA FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012			
	31 DECEMBER		31 DECEMBER
	2012		2011
	Rs		Rs
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/surplus for the year	1,496,711		(1,464,225)
Adjustments for:			
Depreciation and Amortization	1,798,581		1,319,976
Deferred Income	(1,154,052)		(870,088)
Increase in provisions relating to employee costs	(144,762)		(163,516)
Losses on sale of property, plant and equipment	-		1,244,345
Assets written off	-		19,485
Interest Income	(677,549)		(556,186)
Decrease/(Increase) in Inventories	18,781		(69,377)
(Increase)/Decrease in Receivables	(24,243)		65,318
Increase/(Decrease) in payables	2,535,988		(38,584)
Net cash flow from operating activities	3,849,455		(512,852)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Plant & Equipment (Note b)	(2,367,209)		(1,117,464)
Proceeds from sale of property, plant and equipment	-		350,000
Interest Received	678,407		532,527
Net cash flow from investing activities	(1,688,802)		(234,937)
CASH FLOWS FROM FINANCING ACTIVITIES			
Government Grant Received	868,410		750,000
Net cashflow from Financing Activities	868,410		750,000
	3,029,063		2,211
Net Increase in Cash and Cash Equivalents			
Cash & Cash Equivalents at beginning of year (Note a)	7,848,157		7,845,946
Cash & Cash Equivalents at end of year (Note a)	10,877,220		7,848,157
	3,029,063		2,211
Notes to the Cash Flow Statement			
(a) Cash and Cash Equivalents			
Cash and cash equivalents consist of cash in hand and balance with bank and comprise the following statement of financial position amounts.			
	2012		2011
	Rs		Rs
Cash in hand and at bank	10,877,220		7,848,157

(b) Property, Plant and Equipment

During the year ended 31 December 2012, the GRA acquired property, plant and equipment with an aggregate cost of Rs 2,367,209 of which Rs 868,410 was acquired by means of capital grants by the Government.

GRA FINANCIAL STATEMENTS

STATEMENT OF BUDGET AND ACTUAL REVENUE FOR THE YEAR ENDED 31 DECEMBER 2012				
	Original Budget Rs	Final Budget Rs	Actual Amounts Collected Rs	Difference Final and Actual Rs
Revenue - License Fees				
Bookmaker-On course	14,875,000	13,650,000	13,825,000	175,000
Bookmaker-Off course	3,850,000	3,850,000	3,850,000	-
Bookmaker-Rem. Com. (SMS)	1,210,000	1,190,000	1,190,000	-
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	7,230,000	6,960,000	6,960,000	-
Casino	12,250,000	12,250,000	14,000,000	1,750,000
Gaming House "A"	63,500,000	61,750,000	65,250,000	3,500,000
Gaming House "B"	175,000	150,000	162,500	12,500
Gaming Machines	205,780,000	212,000,000	215,967,500	3,967,500
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	24,000	30,000	34,200	4,200
Lottery	6,000,000	11,500,000	14,952,147	3,452,147
Dart Games	570,000	570,000	570,000	-
Fixed Odds Betting on Football matches	3,970,000	3,970,000	4,070,000	100,000
Operator of Mauritius National Lottery	500,000	500,000	500,000	-
Limited Payout Machine (LPM)	666,000	7,000,000	4,230,000	(2,770,000)
	324,000,000	338,770,000	348,961,347	10,191,347

In accordance with Section 11(2) of the Gambling Regulatory Act 2007, license fee amounting to Rs 348,961,347 has been collected for the year 2012 and paid to the Consolidated Fund.

GRA FINANCIAL STATEMENTS

STATEMENT SHOWING REASONS FOR VARIANCES BETWEEN REVISED BUDGET AND ACTUAL AMOUNT RECEIVED/PAID FOR THE YEAR ENDED 31 DECEMBER 2012				
	Revised Budget	Actual Amount Received/ Paid	Difference Revised Budget and Actual Amount Received/ Paid	Comments
	Rs.	Rs.	Rs	
Revenue:				
License Fee	338,770,000	348,961,347	10,191,347	Increase in license fee for Limited Payout Machine
Grant	20,702,000	17,147,000	(3,555,000)	-
Other Revenue	-	609,120	609,120	-
Expenditure				
Salaries, Allowances & Bonus	3,440,275	3,283,121	157,154	Savings
Travelling & Transport	565,000	506,519	58,481	Savings
Overtime	50,000	49,145	855	Savings
Staff Welfare	15,000	-	15,000	Savings
Cost of utilities	1,150,000	1,134,737	15,263	Savings
Fuel ,Oil, Insurance & Road Tax	150,000	139,296	10,704	Savings
Rental of Building & Parking Slots	5,776,000	5,776,591	(591)	-
Equipment & Furniture	520,000	1,498,799	(978,799)	Purchase of IT Equipment
Office Sundries	55,000	102,953	(47,953)	For Petty expense
Maintenance	1,085,000	527,427	557,573	Savings
Printing & Stationery	160,000	220,967	(60,967)	Purchase of stationeries
Air Tickets & Accommodation Costs	-	-	-	-
Board Members Fees	2,230,000	2,145,167	84,833	Savings
Fees for Training,Legal and Consultants	320,000	334,500	(14,500)	Payment of Legal Fees
Audit Fees	75,000	60,000	15,000	Savings
Passage Benefits,Sick/Annual Leave,Gratuity	200,000	154,255	45,745	Savings
General Expense	505,000	653,481	(148,481)	Payment of Allowance Police des Jeux
Pension Contribution	235,000	162,576	72,424	Savings
Responsible Gambling	500,000	274,989	225,011	Savings
Total Recurrent Expenditure	17,031,275	17,024,522		
Capital Expenditure	3,670,725	868,410	2,802,315	Replacement of only one server
Total Expenditure	20,702,000	17,892,932	2,809,068	

ANNUAL REPORT 2012



GRA FINANCIAL STATEMENTS

STATEMENT OF BUDGETS, ACTUAL CASH AND ACCRUED BASED-AMOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012				
	Original Budget Rs	Revised Budget Rs	Actual Amounts Received / Paid Rs	Financial Statements Rs
Revenue:				
Licence Fees	324,000,000	338,770,000	348,961,347	348,961,347
Grant	24,400,000	20,702,000	17,147,000	17,147,000
Other Revenue	-	-	609,120	677,549
Expenditure				
Salaries, Allowances & Bonus	7,400,000	3,440,275	3,283,121	3,283,121
Travelling & Transport	820,000	565,000	506,519	506,519
Overtime	45,000	50,000	49,145	49,145
Staff Welfare	25,000	15,000	-	-
Cost of utilities	1,250,000	1,150,000	1,134,737	1,136,039
Fuel ,Oil, Insurance & Road Tax	300,000	150,000	139,296	95,120
Rental of Building & Parking Slots	5,735,000	5,776,000	5,776,591	5,776,591
Equipment & Furniture	100,000	520,000	1,498,799	-
Office Sundries	75,000	55,000	102,953	104,438
Maintenance	750,000	1,085,000	527,427	527,427
Printing & Stationery	250,000	160,000	220,967	272,402
Air Tickets & Accommodation Costs	1,400,000	-	-	-
Board Members Fees	2,065,000	2,230,000	2,145,167	2,145,167
Fees for Training, Legal and Consultants	450,000	320,000	334,500	334,500
Audit Fees	130,000	75,000	60,000	60,000
Passage Benefits, Sick/Annual Leave, Gratuity	200,000	200,000	154,255	277,655
General Expense	1,105,000	505,000	653,481	672,389
Pension Contribution	300,000	235,000	162,576	162,576
Responsible Gambling	1,000,000	500,000	274,989	424,983
Total Recurrent Expenditure	23,400,000	17,031,275	17,024,522	15,828,071
Capital Expenditure	1,000,000	3,670,725	868,410	2,367,209
Total Expenditure	24,400,000	20,702,000	17,892,932	18,195,280

GRA FINANCIAL STATEMENTS

STATEMENT SHOWING RECONCILIATION OF ACTUAL CASH FLOWS WITH FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012		
	31 December 2012 Rs	31 December 2011 Rs
Expenditure		
Actual Recurrent Expenditure	17,024,522	17,450,289
Commitment for the period	204,427	44,260
Inventories at 1 January 2012	134,879	65,502
Provisions		
Employee Benefits Obligations	123,400	144,729
Retirement Benefits Obligations	(144,762)	(163,516)
Non-cash items		
Depreciation & Amortization	1,798,581	1,319,975
Assets Written-off & Disposed		1,613,830
	19,141,047	20,475,069
Commitment of last year	(44,260)	(85,070)
Inventories at December 2012	(116,098)	(134,879)
Additions to PPE and Intangible Assets	(1,498,799)	(139,052)
Expenditure as per Statement of Financial Performance	17,481,890	20,116,068

GRA FINANCIAL STATEMENTS

STATEMENT SHOWING REASONS FOR VARIANCES BETWEEN ORIGINAL AND REVISED BUDGET FOR THE YEAR ENDED 31 DECEMBER 2012				
	Original Budget Rs	Revised Budget Rs	Variation Rs	Comments
Revenue				
License Fee	324,000,000	338,770,000	14,770,000	Increase in license fee for Limited Payout Machine
Recurrent Grant	24,400,000	20,702,000	(3,698,000)	Savings from posts not filled
Other Revenue	-	-	-	
Expenditure				
Salaries, Allowances & Bonus	7,400,000	3,440,275	(3,959,725)	Savings from posts not filled
Travelling & Transport	820,000	565,000	(255,000)	Savings from posts not filled
Overtime	45,000	50,000	5,000	Payment of overtime
Staff Welfare	25,000	15,000	(10,000)	Savings
Cost of utilities	1,250,000	1,150,000	(100,000)	Savings
Fuel ,Oil, Insurance & Road Tax	300,000	150,000	(150,000)	Savings
Rental of Building & Parking Slots	5,735,000	5,776,000	41,000	One additional Parking slot
Equipment & Furniture	100,000	520,000	420,000	Additional IT Equipment
Office Sundries	75,000	55,000	(20,000)	Savings
Maintenance	750,000	1,085,000	335,000	Maintenance of IT Equipment
Printing & Stationery	250,000	160,000	(90,000)	Savings
Air Tickets & Accommodation Costs	1,400,000	-	(1,400,000)	Savings
Board Members Fees	2,065,000	2,230,000	165,000	Payment of Fees
Fees for Training,Legal and Consultants	450,000	320,000	(130,000)	Savings
Audit Fees	130,000	75,000	(55,000)	Savings
Passage Benefits,Sick/Annual Leave,Gratuity	200,000	200,000	-	
General Expense	1,105,000	505,000	(600,000)	Savings
Pension Contribution	300,000	235,000	(65,000)	Savings
Responsible Gambling	1,000,000	500,000	(500,000)	Savings
Capital				
Acquisition of Assets	1,000,000	3,670,725	2,670,725	Acquisition of server
Total	24,400,000	20,702,000	(3,698,000)	

GRA FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2012

1. PRINCIPAL 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 organization of lottery games, sweepstakes and lotteries;
- (b) regulate and monitor the organization 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 minimize harm caused by gambling;
- (f) promote tourism, employment and economic development generally; and
- (g) promote the welfare and leisure of the race-going public.

Reporting Period

The Financial Statements for the current period have been prepared for the 12 months ended 31 December 2012 with comparative information for the 12 months ended 31 December 2011.

2. STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

	Effective Date Annual Period beginning on or after
Improvements to IPSAS 1: Presentation of financial statements	1 January 2013
Amendment to IPSAS 23: Revenue from non-exchange transactions	1 January 2013
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 the above standards/amendments in the future periods will have no material impact on the financial statements.

GRA FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2012

3. SIGNIFICANT ACCOUNTING POLICIES

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

(i) Basis of Accounting

The financial statements comply with International Public Sector Accounting Standards (IPSASs) for the accrual basis of accounting.

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) Revenue Recognition

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

GRA is an agent of the Government for collection of license fee under the GRA Act. The revenue collected on behalf of the Government is not reported in the financial statements.

(iii) Foreign Currency Transactions

Transactions in foreign currencies are translated to Mauritian rupee at the exchange rate ruling at the 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 recognized in the statement of financial performance

(iv) 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.

(v) Deferred Income

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

GRA FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(vi) 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 recognized in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service costs, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized 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.

(vii) Employee Entitlement

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

(viii) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and depreciation is calculated to write off the cost of the tangible fixed assets on a straight line basis over their expected useful lives. Depreciation is charged on a pro-rata basis in the year of acquisition.

GRA FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The annual rate of depreciation are as follows:-

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

Purchase of non-current assets below the threshold of Rs 5,000 is expensed to the statement of financial performance.

(ix) **Intangible Assets**

Computer software costs are recognized as intangible assets and amortized using the straight-line method over their useful lives, not exceeding a period of 5 years.

(x) **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.

(xi) **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and cash at bank.

(xii) **Inventories**

Inventories consist of consumables and are valued at cost. Cost comprises the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition and is determined by the first-in, first-out (FIFO) method.

(xiii) **Financial Instruments**

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

GRA FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

(a) Accounts Receivables

Accounts 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) Accounts Payables

Accounts payables are stated at their nominal value.

(xiv) Government Grant

Revenue Grant

Grant received from Government to meet recurrent expenditure is treated as revenue grant.

Deferred Income

Grants received from Government for capital expenditure are treated as deferred income. An amount equal to depreciation and amortization charge for the year is transferred to other income in the statement of financial performance.

(xv) Critical Judgements and Key Sources of Uncertainty

The preparation of financial statements in conformity with IPSAS and generally accepted accounting practices requires the Authority's management to exercise judgements 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 recognized 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.

GRA FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2012

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

4. CASH AND CASH EQUIVALENTS

	31 DECEMBER 2012		31 December 2011
	Rs		Rs
Savings A/C	925,841		1,640,814
Savings A/C - License	1,026,375		635,183
Savings A/C -Deposit	8,921,291		5,571,740
Cash in Hand	3,713		420
Total	10,877,220		7,848,157

The bank balances comprise cash held by the Authority at the Mauritius Post and Cooperative Bank.

5. RECEIVABLES

	DECEMBER 2012 Rs	31 December 2011 Rs
Receivables		
Other Receivable	--	20,000
Interest Receivable	68,429	69,287
	68,429	89,287
Deposit and Prepayments	71,976	27,733

GRA FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2012

6. PROPERTY, PLANT & EQUIPMENT

	COMPUTER HARDWARE, PERIPHERALS	OFFICE EQUIPMENT	FURNITURE & FIXTURES	MOTOR VEHICLES	TOTAL
COST	Rs	Rs	Rs	Rs	Rs
At 1 January 2012	8,828,368	742,338	2,172,361	3,057,001	14,800,068
Additions	741,006	--	--	868,410	1,609,416
Disposal	--	--	--	--	--
At 31 December 2012	9,569,374	742,338	2,172,361	3,925,411	16,409,484
DEPRECIATION					
At 1 January 2012	7,662,346	463,762	559,937	2,270,672	10,956,717
Charge for the year	650,911	89,842	217,235	770,609	1,728,597
Disposal	--	--	--	--	--
At 31 December 2012	8,313,257	553,604	777,172	3,041,281	12,685,314
CARRYING AMOUNT					
At 31 December 2012	1,256,117	188,734	1,395,189	884,130	3,724,170
At 31 December 2011	1,166,022	278,576	1,612,424	786,329	3,843,351

GRA FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2012

7. INTANGIBLE ASSETS

	COMPUTER SOFTWARE
COST	Rs
At 1 January 2012	3,892,956
Additions	757,793
At 31 December 2012	4,650,749
DEPRECIATION	
At 1 January 2012	3,684,008
Charge for the year	69,984
At 31 December 2012	3,753,992
CARRYING AMOUNT	
At 31 December 2012	896,757
At 31 December 2011	208,947

GRA FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2012

8. 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 the SICOM Ltd.

	31 DECEMBER 2012	31 DECEMBER 2011
	Rs	Rs
Amount recognised in Statement of Financial Position at end of year		
Present value of funded obligation	338,181	243,348
(Fair value of plan assets)	(844,628)	(616,487)
	(506,447)	(373,139)
Present value of unfunded obligation	-	-
Unrecognised actuarial gain/(loss)	(67,017)	(55,563)
Liability recognised in statement of financial position at end of year	(573,464)	(428,702)
Amounts recognised in statement of financial performance:		
Current service cost	71,573	66,217
(Employee Contributions)	(57,992)	(65,444)
Fund expenses	3,480	3,927
Interest cost	24,335	16,530
(Expected return on plan assets)	(70,174)	(53,858)
Actuarial loss/(gain) recognised	-	0
Past service cost recognised	-	0
Total, included in staff costs	(28,778)	(32,628)
Movements in liability recognised in statement of financial position:		
At start of year	(428,702)	(265,186)
Total staff cost as above	(28,778)	(32,628)
(Contributions paid by employer)	(115,984)	(130,888)
At end of year	(573,464)	(428,702)
Actual return on plan assets:	57,645	12,957
Main actuarial assumptions at end of year:		
Discount rate	10.00%	10.50%
Expected rate of return on plan assets	10.00%	10.50%
Future salary increases	7.00%	7.50%
Future pension increases	5.00%	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.

GRA FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2012

8. RETIREMENT BENEFIT OBLIGATION (Cont'd)

	31 DECEMBER 2012 Rs	31 DECEMBER 2011 Rs
Reconciliation of the present value of defined benefit obligation		
Present value of obligation at start of period	243,348	157,431
Current service cost	71,573	66,217
Interest cost	24,335	16,530
(Benefits paid)	--	(11,221)
Liability (gain)/loss	(1,075)	14,391
Present value of obligation at end of period	338,181	243,348
Reconciliation of fair value of plan assets		
Fair value of plan assets at start of period	616,487	422,346
Expected return on plan assets	70,174	53,858
Employer contributions	115,984	130,888
Employee contributions	57,992	65,444
(Benefits paid + other outgo)	(3,480)	(15,148)
Asset gain/(loss)	(12,529)	(40,901)
Fair value of plan assets at end of period	844,628	616,487
Distribution of plan assets at end of period		
Percentage of assets at end of year	2012	2011
Government securities and cash	58.80%	50.60%
Loans	6.60%	7.80%
Local equities	21.00%	23.20%
Overseas bonds and equities	12.80%	17.50%
Property	0.80%	0.90%
Total	100%	100%
Additional disclosure on assets issued or used by the reporting entity		
	2012	2011
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	2012	2011
Currency	Rs	Rs
Fair value of plan assets	844,628	616,487
(Present value of defined benefit obligation)	(338,181)	(243,348)
Surplus/(deficit)	506,447	373,139
Asset experience gain/(loss) during the period	(12,529)	(40,901)
Liability experience gain/(loss) during the period	1,075	(14,391)
Year	2012	2012
Expected employer contributions	145,000	129,691

GRA FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2012

9. PAYABLES

	31 DECEMBER 2012 Rs	31 DECEMBER 2011 Rs
Current Liabilities		
Payables and Accrued Expenses	340,706	844,239
Non Current Liabilities		
Other Payables (payables after one Year)	92,037	178,432

10. 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:-

	31 DECEMBER 2012 Rs	31 DECEMBER 2011 Rs
Opening Balance	422,748	1,037,733
Earnings for the year	123,400	144,729
Paid to staff	(100,158)	(759,714)
Balance as at 31 December 2011	445,990	422,748
These obligations are payable as follows:		
Current Liabilities		
Payable within one year	78,232	100,158
Non Current Liabilities		
Payable after one year	367,758	322,590
	445,990	422,748

11. REFUNDABLE GUARANTEE DEPOSITS

Security Deposit in the form of Bank Guarantee for the sum of Rs 116,207,711 has been furnished by licensees. An amount of Rs 7,545,957 received in terms of cash, has been included in Accounts Payables

GRA FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2012

12. DEFERRED GRANTS

	31 DECEMBER 2012 Rs	31 DECEMBER 2011 Rs
At 1 January	3,243,810	3,363,898
Grant Received for the year	868,410	750,000
Amount released to Statement of Financial Performance	(1,154,052)	(870,088)
	2,958,168	3,243,810
Amount to be amortized within one year recognized as Current Liability	(1,154,052)	(870,088)
At 31 December	1,804,117	2,373,722

13. OTHER INCOME

	31 DECEMBER 2012 Rs	31 DECEMBER 2011 Rs
Interest Received	609,120	486,899
Interest Receivable	68,429	69,287
Sundry Income	--	25,569
Sales of Assets	--	350,000
	677,549	931,755

14. STAFF COSTS

	DECEMBER 2012 Rs	DECEMBER 2011 Rs
Social Security Costs	162,576	164,137
Salaries and other allowances	3,993,040	5,720,690
Employee Benefits obligations	123,400	144,729
Retirement Benefits Obligations	(144,762)	(163,516)
	4,134,254	5,866,040
Number of Employees	10	10

The Authority was seconded by four officers from the Ministry of Finance and Economic Development. Only the allowance paid to them were included in staff costs, the salaries and other benefits are being incurred by the parent Ministry.

GRA FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2012

15. RENT & UTILITIES

	31 DECEMBER 2012	31 DECEMBER 2011
	Rs	Rs
Rent of Building	5,645,779	5,645,784
Rental of Parking Slots	130,813	89,700
Telephone Charges	545,823	541,206
Electricity Charges	590,216	570,974
	6,912,630	6,847,664

16. ADMINISTRATIVE EXPENSES

	31 DECEMBER 2012	31 DECEMBER 2011
	Rs	Rs
Board Members' Fees	2,145,167	1,899,581
Legal Fees	334,500	378,758
Police des Jeux	75,000	180,000
Postage	9,020	8,512
Newspapers & Periodicals	57,333	283,536
Repairs & Maintenance	527,427	453,327
Printing & Stationery	272,402	151,622
General Expenses	191,053	418,323
Bank Charges	8,233	3,589
Consultancy Fees	-	230,000
Assets Written Off & Disposed	-	1,613,830
Responsible Gambling	424,983	-
Fuel & Oil, Insurance & Road Tax	95,120	-
Audit Fees	60,000	-
	4,200,236	5,621,077

GRA FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2012

17. OPERATING LEASE ARRANGEMENTS

	DECEMBER 2012 Rs	DECEMBER 2011 Rs
Minimum lease payments under operation lease recognised	5,776,591	5,735,484
At Balance Sheet date, the Authority has outstanding commitments under non-cancellable operating leases, which fall due as follows:-		
- within one year	5,780,328	5,735,484
- In the second to third years inclusive	1,445,082	7,169,355
	7,225,410	12,904,839

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.

18. 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 in Mauritian Rupees.

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 rates.

GRA FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2012

19. 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.

20. RELATED PARTY TRANSACTIONS

The immediate and ultimate controlling party of the Authority is the Government of Mauritius and for the period under review the following disclosures is being made in accordance with IPSAS 20 (Related Party Disclosures).

	31 DECEMBER 2012 Rs		31 DECEMBER 2011 Rs
(i) Grants from Government			
Capital Grant			
Balance 1 January	3,243,810		3,363,898
Received during the period	868,410		750,000
Deferred during the period	(1,154,052)		(870,088)
Balance 31 December	2,958,168		3,243,810
Revenue Grant			
Received during the period	17,147,000		16,850,000
(ii) Compensation to key Management Personnel			
<u>Short term benefits</u>			
Fees to Board Members	2,145,167		1,899,581
Management Personnel Compensation	480,000		3,120,371
	2,625,167		5,019,952

GRA FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2012

21. 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.