



2017  
ANNUAL REPORT

SHAPING THE FUTURE OF  
SUSTAINABLE GAMBLING



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Shaping the Future of Sustainable Gambling 2017 ANNUAL REPORT



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2017



Shaping the Future of  
Sustainable Gambling



**Gambling  
Authority,**  
we empower  
citizens.









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## INFORMATION



## INFORMATION

### Useful Contacts

If you or someone you know suspects that they may be in danger of compulsive gambling, quickly seek help from the Gambling Authority at the following contacts;

#### By Email:

[info@gamblingauthority.co.bw](mailto:info@gamblingauthority.co.bw)

#### By Post:

Chief Executive Officer  
Gambling Authority  
Private Bag BR161  
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## Gambling Authority

# MANDATE

### Our Mandate

#### Gambling Act, 2012

The Gambling Act (the Act) establishes the Gambling Authority and regulates gambling in Botswana.

The powers and functions of the Authority are provided for under Section 5 of the Act as follows:

- to regulate and control the development of gambling establishments in Botswana;
- with the approval of the Minister, to define the areas in which gambling establishments may be established and operated;
- to receive and consider applications for licence, to verify information contained in or submitted with the application, and to issue, refuse, suspend or revoke licences;
- to receive, consider and decide on applications for the transfer of licences;
- to ensure that such sums of money as may be due by licensees are duly paid and accounted for;
- to ensure that licensees maintain the gambling establishments in respect of which they are licensed, to the standards set out in this Act;
- through the exercise by any of its officers, or any person authorised by it, to enter and inspect any gambling establishment at such times and in such manner as it may consider whether the terms and conditions of a licence are being observed; and
- to do all such things as are necessary or convenient for the purposes of carrying out its functions."

#### Gambling Regulations, 2016

The Gambling Regulations were promulgated in April 2016 as subsidiary legislation to provide detail to the Act.

#### Financial Intelligence Act, 2009

The primary purpose of this legislation is to provide for the reporting of suspicious transactions and financing of any activities or transaction relating to terrorism.

The Gambling Authority is a supervisory authority under this Act and has the responsibility to combat money laundering by ensuring that any acts of money laundering do not take place at any of its licensees.

### Compliance with Laws and Regulations

The Gambling Authority has complied with primary legislation governing it, being the Gambling Act and Regulations. Other applicable laws were complied with during the year under review.





## Chairperson's

## STATEMENT



**Mr. Thabiso T. Tafila**  
Chairperson of the Board

Our formative years are characterised by an inward focus as we concentrate on:

- (i) establishing an organisation with effective governance structures and policies;
- (ii) delivering an Authority of the highest integrity capable of regulating the gambling industry transparently, fairly and in a balanced manner; and
- (iii) ensuring that sustainable and responsible gambling is a focus of the industry.
- (iv) strategy formulation and refinement

As with any other organisation, we deemed it important that we establish policies, processes, procedures and systems that will guide transparent decision making for the Authority, and that these should be as transparent as possible, to assist the industry to anticipate and understand the direction of regulation. We have also focused our initial energies on engaging with the industry to help them understand the new regulatory environment and to grow their own capability to manage their enterprises more effectively within the new rules and regulations.

We believe that we are now on a fairly sound footing, although with much more to do. This has involved compliance reviews with each of the licensees to baseline their compliance readiness and to ensure

On behalf of the Gambling Authority, I am delighted to present to the Honourable Minister of Investment, Trade and Industry our second Annual Report. This Report coincides with the end of our inaugural year as a gambling regulator.

The decision to set up the Authority as a regulator of this industry is bringing about significant changes that will bring Botswana in line with much more developed gambling markets across the World.

that they improve their capability to manage under the new regulatory environment.

An important part of our work was engaging with various other regulators in Botswana and in jurisdictions world-wide, to understand their mandates, explaining ours and agreeing on ways of cooperating. With some, we have signed Memoranda of Understanding (MOU's) and these are the Competition Authority; Companies and Intellectual Property Authority (CIPA) and Malawi Gambling and Lotteries Board and are in the year 2017/2018 expecting to conclude agreements with the North-West Gambling Board (NWGB) in Mafikeng, South Africa and the National Lotteries Commission of South Africa (NLCSA).

In the reporting year, we have also been preparing for the issuance of new licences. The licences to be issued in 2017-2018 include the National Lottery licence, Casino, Bingo and Betting licences. The issuance of these licences will be through a bidding process and the Authority prepared itself by developing the various Request for Application documents for each of the licences. This was done through research and through assistance by the various regulating partners including the Malawi Lotteries Board, the National Lottery Commission of South Africa, Limpopo, Gauteng, Mpumalanga, KZN and North-West Gambling Boards, all jurisdictional regulators in each of the provinces in South Africa. We extend our

*"The licences to be issued in 2017-2018 include the National Lottery licence, Casino, Bingo and Betting licences. The issuance of these licences will be through a bidding process and the Authority prepared itself by developing the various Request for Application documents for each of the licences. This was done through research and through assistance by the various regulating partners..."*

appreciation to our fellow regulators for providing the skills, knowledge and time required to deliver on our mandate.

The timetable is out for the licensing of new enterprises and our expectation is that next year, i.e. 2018 we will have new regulated entities in the National Lottery, casinos, betting and bingo licensees.

In the past year, we assumed two disputes inherited from the now dissolved Casino Control Board. The first case related to Letsatsi Casino in Palapye which was closed on February 6, 2016 when, according to the Casino Control Board, the licensee did not renew the licence as stipulated in the Act and the regulations, and therefore the licence expired and was no longer available to the Licensee. The second case related to Moonlite Casino in Gaborone, whose dispute with the Board related to their request to transfer their licence from the current premises, at Gaborone Bus Rank to iTowers in the Gaborone Central Business District (CBD).

The Letsatsi case has been resolved, at the Court of Appeal, in favour of the Government of Botswana and the Gambling Authority, with costs also awarded to the defendants in the case, being the two parties, Government of Botswana and Gambling Authority.

The second case is also awaiting a court date for the appeal hearing although the applicant to court in this case has now formally written to the Authority seeking to apply for transfer. We await the formal application for the transfer.

In my inaugural report, I submitted that the Authority Board had approved a corporate strategy for the Authority for the period 2016 - 2020. The strategy theme was "Creating a World Class Regulator" driven by:

- Talented People, Visionary Leadership and a culture of Delivery;
- Effective Regulatory Control and Monitoring;
- Robust Regulatory Framework;
- Operational Excellence; and
- Organisational Capability.

We are confident that we are well on our way to achieving our strategy, and the CEO further in this report provides the scorecard of the progress made in achieving the milestones that we had set ourselves, save to confirm that we have achieved or are well on our way to achieving our goals. The Board monitors the strategic plan and re-affirms it at a Board meeting

once a year when a review of achievements and the continued relevance of the strategy is undertaken. During the year under review, the Authority relocated to new premises at Fairscape Precinct, a modern location at the Fairgrounds Office Park. The office is a modern fit out aimed at providing a conducive and cost-effective accommodation for our staff. The facility is world-class and was fitted out with furniture and fixtures provided, and in the case of furniture manufactured by young Batswana entrepreneurs, in line with Government's goal of citizen empowerment, especially towards Youth businesses. We are proud of these facilities and are proud of the quality of work produced by our citizens which compares easily with global benchmarks.

The facilities also provide modern concepts of fully wireless wi-fi; paperless environment; flexible work stations and booths; eating and catering facilities and child recreation as well as gym facilities. The offices are designed to enable the Authority to continue to grow as needs may dictate without the demand for additional office space.

As we indicated in the past report, we hired new staff with little or no experience in gambling licensing and regulation. We are delighted to report that we embarked on training of these employees in a cost-effective manner by relying largely on the support of our regulatory counterparts as well as conferences and workshops in South Africa and in Europe and the USA. Our focus must continue to be on enabling our people to ensure that we develop into the world-class regulator we desire to be.

Similarly, we engaged on training of our Board members especially on corporate governance and on learning about the industry in which they supervise. We have made concerted efforts to ensure that this take place through the support of our fellow regulators as well as through the various courses offered by different suppliers.

Lastly, I wish to thank the Gambling Authority Board, management and staff for their continued focus and dedication in ensuring that we continue to shape the future of gambling in a sustainable and responsible manner.

**Thabiso T. Tafila**  
Chairperson of the Board

## CEO's

# STATEMENT



**Mr. Thulisizwe Johnson**  
Chief Executive Officer

### Casinos in Botswana

Name of Casino	Location	No of EGM Floor	No of EGM Licensed	No of Tables Floor	No of Tables Licensed	Expiry Date of Licence
Avani	Gaborone	150	150	11	13	07 Jan 2023
Grand Palm	Gaborone	150	233	16	22	29 Aprl 2021
Thakadu	Letlhakane	50	50	0	0	9 Sep 2025
Marang	Francistown	58	58	0	0	07 Mar 2023
Sedibeng	Francistown	50	50	0	0	31 Jul 2022
Teemane	Jwaneng	68	100	0	4	09 Oct 2021
Moonlite	Gaborone	61	68	4	4	10 Mar 2026
Kings	Lobatse	50	50	4	6	07 Jul 2023
Menateng	Selibe-Phikwe	58	58	0	0	15 Aug 2021
<b>Totals</b>		<b>645</b>	<b>817</b>	<b>35</b>	<b>49</b>	

It is with great pleasure that we present our report on the operations of the Gambling Authority for the financial year 2016/2017. It is significant that this year although not the first of the existence of the Authority, was the first year of the Authority being a gambling regulator. The Authority took over this responsibility from the Casino Control Board.

The Gambling Act provides that the Authority will treat each of the licensees as if each was granted a licence by the Authority and will therefore respect the remaining terms of the licences. In that regard, the number of licences taken over from the Casino Control Board is the nine casinos in the table below, with the following licence expiry dates:

The Authority's mandate is as approved in the Gambling Act, 2012 and covers the following areas:

- To regulate and control all gambling establishments and activities in Botswana
- To issue, suspend and revoke licences;
- To collect all levies and fees with respect to gambling activities;
- To issue and control the licence to operate the National Lottery in Botswana;
- To evaluate and disburse funds to deserving applicants from the National Lottery Distribution Fund;
- To ensure that the activities of gambling and betting are carried out in a responsible manner including the mitigation of the effects of over-gambling.

The Act empowers the Authority to issue the following Licences:

- Casino;
- Totalizator;
- Bookmakers;
- Betting, including sports betting and other types;
- Racing including horse racing and other types;
- National Lottery, and other types of lotteries;
- Bingo;

### Strategic Outlook

From inception, the Authority has been guided by the Strategic Plan 2015 -2020, the fulcrum of which was to ensure that we set up an institution that is driven by good governance, transparency and innovation. A summary of the strategy is given below and covers the mission, vision, values and strategic intent:

### Vision

- A socially responsible gambling regulator of the highest integrity - trusted and recognised locally and internationally.

### Mission

- To effectively and efficiently regulate and control the gambling industry, account for revenue from the industry and contribute to the socio-economic development of Botswana.

### Values

- We uphold the following values in all our dealings with stakeholders:
- Transparency
- Reliability
- Integrity
- Professionalism

### Strategic Intent

- To develop and implement effective regulatory mechanisms that will help us to license and monitor approved gambling activities and operators by 2020.

This Authority's strategic intent focuses the Authority on developing core capabilities that will deliver an effective policy and regulatory framework that should drive the core functions of licensing and supervision, while ensuring compliance by licensees during the strategic planning period (2015-2020).

### The Strategic Themes

From the outset, the Authority sought to achieve the following outcomes by the end of the strategic planning period.

### Talented People, Visionary Leadership and a Culture of Delivery

- The Authority identified the acquisition of competent and skilled people, the development of visionary leadership and a results oriented culture as the basis for organisational growth and optimal strategy execution.

### Organisational Capability

- A clear set of organisational capabilities that drive the mandate of the Authority have been identified. These include core, secondary, support and governance capabilities that inform the Authority's competency and technical skill development agenda.

### Robust Regulatory Framework

- The development of a robust policy and regulatory framework driven by a cohesive set of regulatory mechanisms and instruments that deliver effective licensing, controlling and monitoring of operators and individuals within the gambling industry is now in place.

### Operational Excellence

- We have now developed core and support operations of the Authority that are driven by a set of robust policies, processes, procedures that are supported by a risk based approach and the strategic use of technology to drive operational efficiency.

### Effective Regulatory Control and Monitoring

- We set out to achieve an effective regulatory environment within the gambling industry, driven by the optimal execution of the Authority's strategy, development of core capabilities and a robust regulatory framework that creates a proportionate regulatory regime, which delivers



*Despite being newly established, the Authority performed fairly well in achieving more than 50 percent of its strategic objectives within a period of two (2) years against a five (5) year strategic plan.*

effective licensing and enforcement, while delivering optimal compliance by licensees. This is underway and significant progress has been achieved.

The Authority set out to achieve an effective regulatory environment by delivering tangible results within these thematic areas. These themes, which were critical for the success of Authority during its developmental phase, are mutually achievable focal areas of the strategy that are supportive of the Authority's strategic intent and vision.

### Strategy Thematic Areas

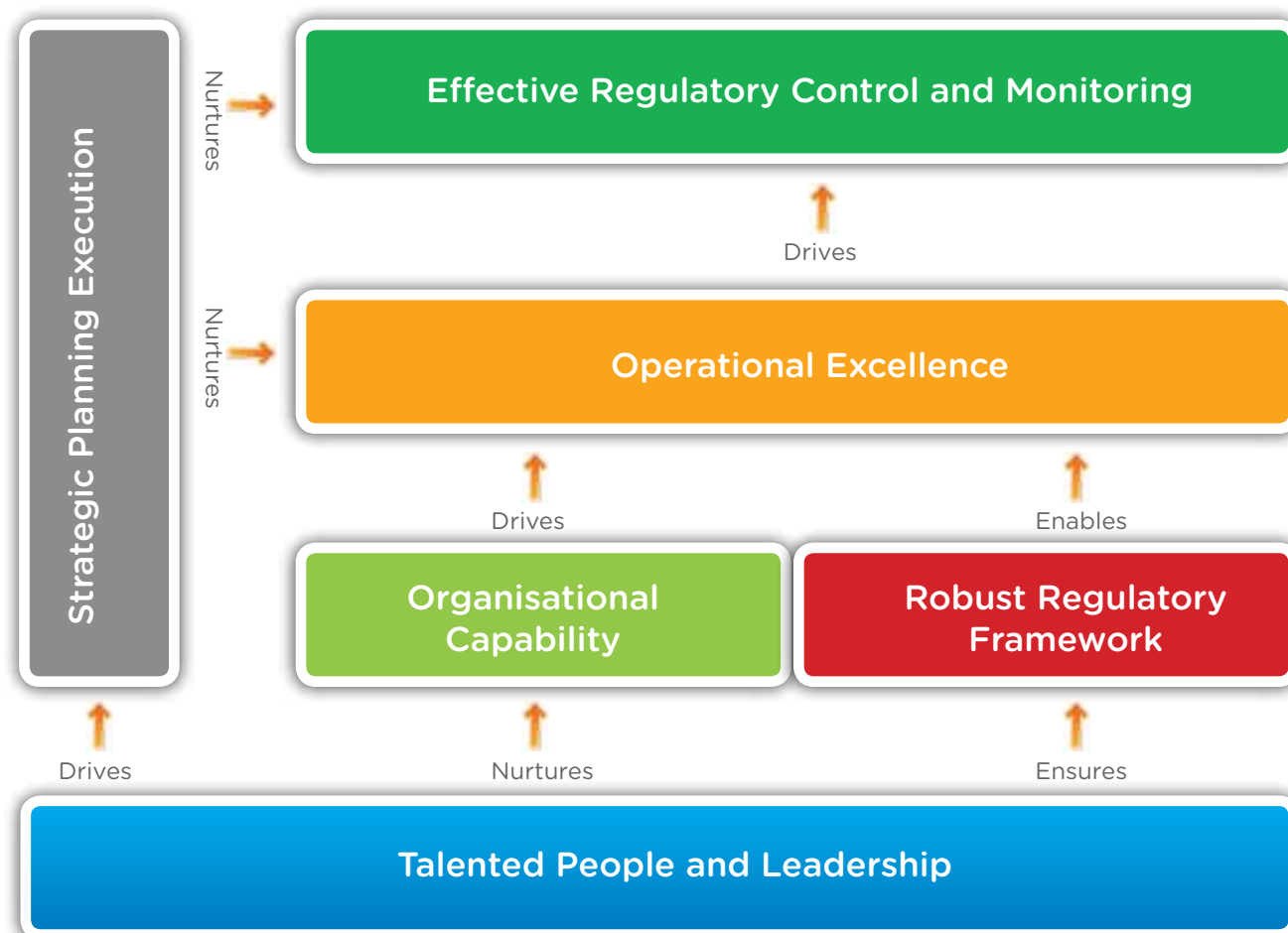


Figure 1

### Key Achievements and successes

As a young institution, we have been on an exciting path towards full development of an institution that will not only achieve its mandate, but do so in a manner that will result in a re-energizing and diversification of the industry by bringing into the industry new technology, new licence types, increased employment and investment.

In that regard a licensing programme is underway starting with the 1st ever National Lottery, to be followed by licensing of betting, bingos and additional casinos across the country.

Also of importance is the networks that have been leveraged to build capability in the Authority whilst keeping costs of training and development and consultant costs low. This was done by leveraging the capabilities of other regulators, foremost amongst these being the National Lotteries Commission of South Africa, North West, Gauteng, Limpopo and Mpumalanga Gambling Boards of South Africa and internationally the UK Gambling Commission, the Nevada Gaming Commission as well as the Liquor and Gaming NSW, each of which have assisted with information and training critical to our success in establishing the Authority.

Locally, the Authority has also been able to successfully develop strong partnerships with the Financial Intelligence Agency (FIA) Botswana Unified Revenue Services (BURS), Botswana Communications Regulatory Authority (BOCRA), Competition Authority (CA), Directorate on Corruption and Economic Crime (DCEC) and the Botswana Police among others, with the aim of assisting with licencing and best practices in compliance monitoring. We are working together to establish effective support to deliver our various mandates.

We are grateful to each of the partners for supporting us to establish our organisation and on the path to ensuring that we are able to grow and become a regulator in line with our strategic vision.

To date, the Gambling Authority has received a total subvention of BWP22.95 million against a projected operational expenditure of BWP 20.77 million thus representing 99% utilisation of the allocated budget.

Additionally, the Authority received a total of BWP 18.23 million in casino levies, BWP 9 million in responsible gambling levies and BWP 1.34 million in entrance fees totalling BWP 28.6 million in revenue. The levy funds will be used to finance responsible gambling programs and other gambling matters in line with the Gambling Act, 2012.

An important initiative is to promote local business, especially domestic and citizen manufacturing and in this regard, the Authority has spent approximately 86 percent of its total procurement expenditure on local procurement.

### Challenges

Despite the noticeable successes of the last strategic planning period, the Authority had not been able to acquire all the necessary skills and competencies for effective execution of the strategy due to budgetary constraints.

Whilst the training and developmental needs of staff had been undertaken in collaboration with other Authorities, this has been on a limited scale and significant training had to be postponed to the next financial year, due to budgetary constraints.

### Overall Performance

Overall performance of the Authority against the strategy is represented in the strategy map below, which highlights good performance in a number of areas including creating the Gambling Authority brand, driving financial sustainability, improving good corporate governance and managing knowledge and intelligence.

Areas that as management we felt we needed to make more progress included delivering a safe, ethical and diversified gambling industry, developing and enhancing stakeholder relations, and developing a robust policy and regulatory framework.

Despite being newly established, the Authority performed fairly well in achieving more than 50 percent of its strategic objectives within a period of two (2) years against a five (5) year strategic plan.

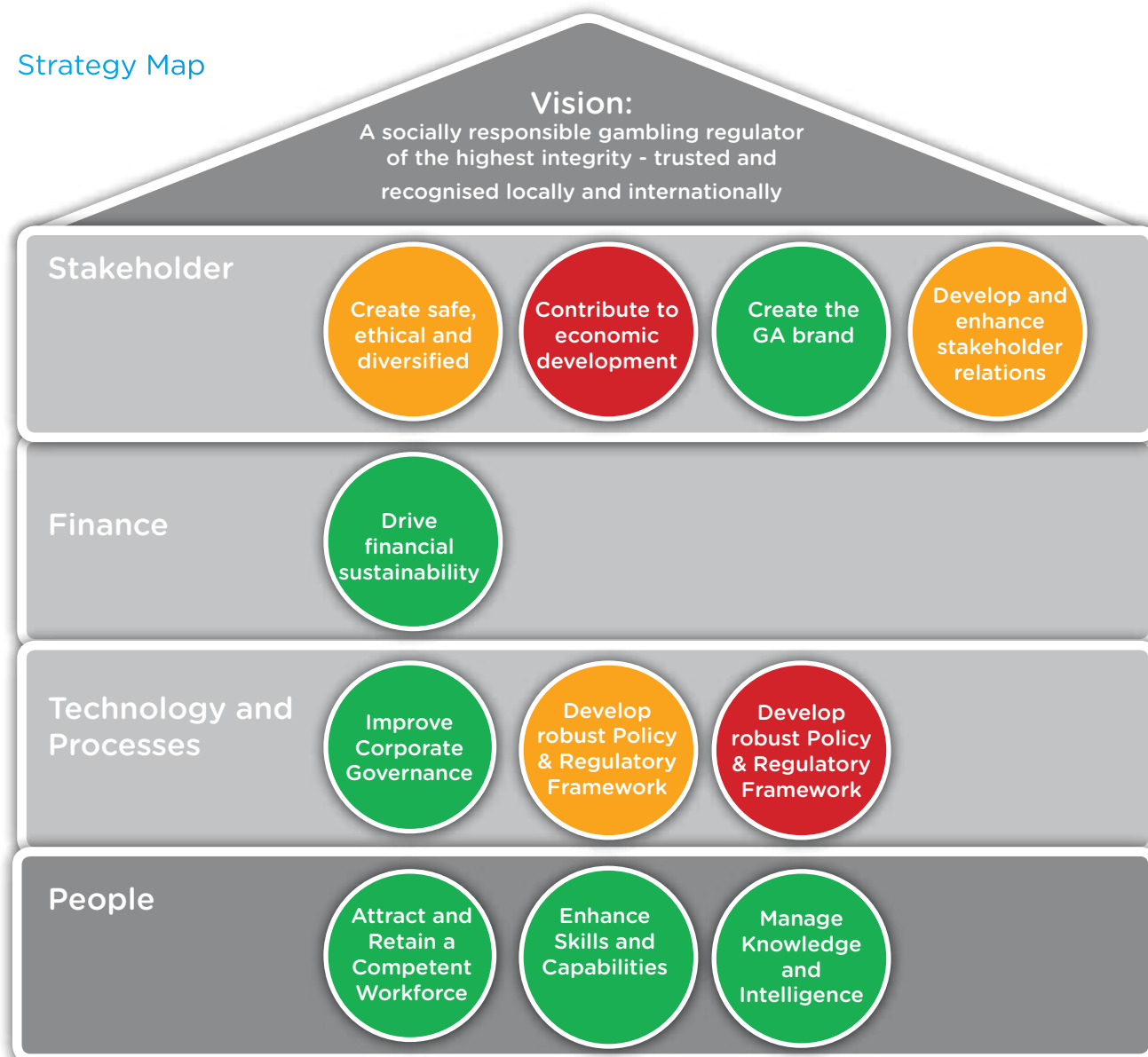
It is in this period that lessons were learned that would inform the refinement of the Authority's strategy by setting new targets and driving focused initiatives that align with the prevailing budgetary challenges.

### Training and Localisation

The Authority has achieved a significant milestone in that from the outset it has employed only citizens of Botswana. As there were no previous regulatory skills in the country, we have identified a huge training need for our staff and for the industry as a whole.



## Strategy Map



**Legend:** ■ Targets Met ■ In Progress ■ Targets Not Met

### National Lottery Licensing

The Authority is progressing Botswana's inaugural National Lottery Licensing process and we envision to have a fully operational National Lottery by mid-2019.

### Our Future of Possibilities

The Board and management are embarking on major projects and these include the launch of the National Lottery, a first for Botswana and other licence types that will enhance economic activity in the gambling space and create new employment, skills and investment in new technology, new product introductions and the head office acquisition.

We believe that the enhancement in regulatory framework and control is premised on running an efficient and reliable regulator and anticipating the forces of change in a young and ever-changing sector like gambling. Looking ahead, we will invest in systems and processes with anticipation of this inevitability. We are consistently engaging with fellow Ministries, Departments and parastatal organisations to ensure we achieve our set goals.

**Mr. Thulisizwe Johnson**  
Chief Executive Officer

How we are

**GOVERNED**





# GOVERNANCE REPORT

## Corporate Governance Report

Corporate Governance is often defined as “the system by which organisations are directed and controlled”. Other definitions include a purpose being “to align as nearly as possible the interests of individuals organisations and society”.

The Board of the Gambling Authority is responsible for the governance of the organisation. It gives direction through the Strategic Plan, controls and monitors the organisation through the Executive and through Policies and Procedures.

During the course of the year under review, the Board of the Authority reconfirmed, with minor modifications, the organisation's values, mission vision, strategy, and enhanced its oversight responsibilities over risk management, internal assurance and Board Committee enhancement, inter alia.

### Board Charter

The Charter provides Board members with the guidance for promoting and implementing the very highest standards of corporate governance in the Gambling Authority.

The Board of the Authority have agreed to uphold these standards and to at all times comply with the highest standards available to enable the Authority to carry out its mandate.

### Compliance Report

The Board of the Gambling Authority aims to comply with the King Code of Governance Principles – King III and, most recently, King IV (2016).

Consequently, the Board has, a Board Charter and a Code of Conduct and during the year under review, enhanced the Gambling Authority Board Charter (The Charter), by adding a decision-making section that allows for meetings to be held by audio visual means and includes guidelines for written (Round Robin) Resolutions. This will enhance the efficiency and effectiveness of Board and Committee Meetings as well as adherence to principle 16 of King IV which states that;

*“In the execution of its governance role and responsibilities the accounting authority (In Our Case the Board) should adopt a stakeholder-inclusive approach that balances the needs interests and expectations of material stakeholders in the best interests of the SOE over time”.*

Through this policy the Authority can ensure that meetings include the broadest possible number of views from as many stakeholders as possible even if not physically present.

The Authority also enhanced its Board Committee Structures by adding external co-opted members who bring additional skills and competencies to the Board and Committees in line with principle 7 Of King IV which states that;

*“The Accounting Authority should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.”*

The Authority has begun the process to implement Integrated Reporting per the King IV standards and aims to be compliant by the end of the current Strategic Planning period (2014-2019).

In addition to these principles of Corporate Governance, the Authority is governed by the Gambling Authority Act, 2012 and is subject to all its provisions and any other applicable law or regulatory provision in Botswana. These include inter alia the PPADB Act for procurement best practice.

In this context, the Board has during the year under review approved the Terms of Reference of the Training and Localisation Committee of the Board, to monitor the implementation of skills transfer to citizens, localisation in the industry and citizen empowerment in the work space.

Where a conflict arises, between other governance principles and the laws of the country, the laws of the country shall prevail.

### Integrated Reporting

In line with King III and IV guidelines the Authority is embarking on a path towards integrated reporting by the end of the Strategic plan period (2019).

This report addresses, in various sections, reports covering at least Four of the “Six Capitals” (Financial, Manufactured, Intellectual, Human, Social and Relationship).

The areas covered are

- Financial,
- Manufactured,
- Human and
- Social and Relationship.

In covering these areas the report complies with the Integrated Reporting Guidelines of King IV by reports covering elements of:

**Organisational Overview and Strategy** - (Chairpersons Report)

**Business Model** - (CEO Report and Operations Reports outlining outputs i.e. achievements but not yet outcomes i.e. impact on our communities and stakeholders.)

**Performance** - (Financial Reports)

**Organisational Overview** - (Vision, Mission, Values, Principal Activities, Ethics e.g. whistleblowing processes.)

**Outlook** - (CEOs Report)

**Governance** - (Board and Committees, Compliance Statutes and to King III/IV)

During the year under review significant strides were made toward reporting on:

**Risk and Assurance** - (The Chief Internal Auditor position was filled and that position will be advising and consulting for the organisation to implement Enterprise Risk Management in 2017/8).

Outlook - (Review and Suggestions on Statutory and Regulatory changes that will be required to enable the Authority to better carry out its Mandate in future).

### Shareholder Compact

The Authority has not, during the year under review, amended the Shareholder Compact which defines its relationship with the primary Stakeholder (equivalent to Shareholder in Private Company Terms), the Republic of Botswana through the Authority's parent Ministry, the Ministry of Investment, Trade and Industry (MITI).

The Compact outlines the expectations of Government as well as its obligations, in the relationship, to facilitate the efforts of the Board and Management of the Authority's to achieve its mandate.

### Governance Framework

The Board Charter, together with the Shareholder Compact, the Terms of Reference of all Board Committees, the Delegation of Authority documents, as well as the principles, procedures, codes and guidelines adopted by the Board from time to time, collectively comprise Gambling Authority's overall

corporate governance framework.

The Board has further approved in principle the creation of a Corporate Governance Framework for the process of issuing the county's first National Lottery Licence. This framework is subsidiary to the overall framework under the laws of Botswana and King III/IV principles.

Elements of this framework have already been approved by the Board such as the formation of a National Lottery Steering Committee of Management. The draft Terms of Reference of the Evaluation and Adjudication Committees and Assurance process of the National Lottery Licensing process were prepared for consideration by the Board following the end of the year under review.

The aim of this subsidiary framework is to ensure that the issuance of the National Lottery Licence is objective, transparent and has integrity and credibility.

### Conflict of Interests Policy

A comprehensive and general Conflict of Interests Policy was approved by the Board and implemented during the year under review.

### Members of the Board

The Board comprises eight (8) non-executive Board members appointed by the Minister of Investment, Trade and Industry (MITI) and the Chief Executive Officer who is an ex-officio member of the Board. At least half of the Board members are independent of the Shareholder, the State.

The Gambling Authority Act sets out Board membership requirements. Board members are appointed through a formal process and Public Enterprises Evaluation and Privatisation Agency (PEEPA) assists, where requested, with the process of identifying suitable candidates to be proposed to the Minister.

Board Members are appointed for a period of up to 3 years at a time and their terms of office may be extended by the Minister for a further period of up to 3 years, provided they still meet the criteria for Board Membership.

The Board has the authority to appoint Committee Members from within the Board and from outside the Board where certain competencies and experience are required in addition to those existing in the Board. This is in line with principle 7 of King IV that requires the accounting authority to comprise an appropriate balance of knowledge, skills, experience, diversity and



independence. The Board has, partly as required by the Act and partly as the Board sees fit, established several committees, to assist it to discharge its governance role and responsibilities.

#### Board Attendance

Board attendance during the period under review was fair. The schedule of meeting attendance and payments made to Board Members is indicated in the table below.

Board Meetings Financial year 2016-2017									
Dates	B. Mathipa	L. Busang	M.C. Bogosi	N. Mothobi	O. Ward	T. Tafila	A. Kanego	B. Monyatsi	T. Johnson
27-May-16	588.00	588.00	588.00	588.00	-	735.00	-	-	No Remuneration for all meetings
16-Jun-16	588.00	588.00	588.00	588.00	588.00	735.00	-	-	
25-Aug-16	-	588.00	588.00	588.00	-	735.00	588.00	588.00	
26-Aug-16	-	-	588.00	-	-	-	588.00	588.00	
17-Sep-16	-	-	588.00	-	-	735.00	588.00	588.00	
21-Sep-16	588.00	588.00	588.00	588.00	-	735.00	588.00	588.00	
1-Nov-16	588.00	588.00	588.00	-	588.00	735.00	-	-	
10-Dec-16	-	588.00	-	-	588.00	735.00	588.00	588.00	
20-Jan-17	-	588.00	588.00	588.00	588.00	735.00	588.00	588.00	
16-Feb-17	-	-	588.00	588.00	-	735.00	588.00	588.00	
23-Feb-17	-	588.00	-	588.00	-	735.00	588.00	-	
24-Feb-17	-	588.00	-	588.00	-	735.00	588.00	588.00	
22-Mar-17	588.00	-	588.00	-	-	735.00	-	588.00	
<b>TOTAL</b>	<b>2,940.00</b>	<b>5,292.00</b>	<b>5,880.00</b>	<b>4,704.00</b>	<b>2,352.00</b>	<b>8,820.00</b>	<b>5,292.00</b>	<b>5,292.00</b>	

#### Board Evaluation

The Board carried out a self-evaluation during the year under review.

Amongst the key conclusions were that:

There should be a greater awareness of the Vision, Mission and Values at every Meeting with agendas and reporting being produced with clear reference to the Strategic Intents, Risks, Controls and Assurance to assist with the oversight role and responsibility too direct, control and monitor.

Performance evaluation should take place more than once per year including evaluation or assessment of the CEO's performance.

An assessment of Board development needs should be carried out and Board Training carried out together with revised and reviewed Board Induction Programmes in 2017/8 financial year.

#### Board Annual Plan

A Board Annual Plan was approved for the first time which will drive the board Agenda for the year 2017/8.

#### Board Development

Board and Exco governance training commenced in earnest during the year under review and a Board Induction Workshop including presentations from Exco took place. The Authority implemented a Board Introduction Induction "Mini-Pack" for Board and Committee appointments in between formal Annual Induction workshops.

#### Board Secretariat

State Owned Enterprises Secretaries' Forum  
The Ministry of Investment, Trade and Industry (MITI) Board Secretaries Forum gained traction during the year with the founding support of the CEO.

The aims are to share Governance experience, encourage the highest Governance standards on common concerns such as Conflicts of Interests and Decision-Making methods, share Board Development costs whilst encouraging local training to improve relevance to the circumstances that face parastatals in the country as opposed to Companies with limited liability, improve communication between the key stakeholders of the Shareholder (State through MITI), the Boards and Managements.

It is ultimately hoped to roll out this initiative to all State-Owned Enterprises.

#### Board Secretary's Role

The Secretary continued to provide administrative support and Governance advice to both the Chairperson and the Board as well as Management.

#### Purpose

The primary purpose of the Risk, Audit and Finance Committee ("the Committee") is to:

- ensure that the Authority adopts, maintains and applies proper accounting and financial reporting processes and procedures,
- facilitate the independence of the external audit process and address issues resulting from the audit process, and;
- ensure that the Authority maintains effective risk management and internal controls systems.

#### Composition and Attendance

Two new members were appointed by the Board during the year under review to serve for a three-year period, to bring additional competencies and experience to the Committee, which increased the number of members from the minimum of three (3) to the maximum of (5).

The Chairperson, remained Mr Lesego Busang.

### Board Committees

#### Risk, Finance and Audit Committee (RFAC)

Risk Finance and Audit Committee				
Financial year 2016-2017				
Dates	B. Mathipa	L. Busang	N. Mothobi	M. Setlhare
01- Aug-16	-	588.00	-	N/A
21-Nov-16	-	588.00	-	N/A
13-Feb-17	588.00	588.00	588.00	588.00
<b>TOTAL</b>	<b>588.00</b>	<b>1,764.00</b>	<b>1,176.00</b>	<b>588.00</b>

#### Terms of Reference

The terms of reference were amended during the year under review as appropriate as part of the constant review of Terms of Reference that takes place every meeting and at least once a year.

Members of the Committee and its Chairperson shall be appointed by the Board but no longer in consultation with the Audit Committee chairperson. Instead members are now appointed in consultation with the Chairperson of the Committee itself.

At least one (1) member of the Committee shall have significant, recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies. The two new Accountants appointed during the year have extensive Accounting and Auditing qualifications and experience and have dealt with Risk in their previous jobs in the private sector.

The Chief Executive Officer and the relevant senior management members (Chief Financial Officer and Chief Internal Auditor) continue to attend meetings of the Committee;



The Committee reports to the Board in writing through a report signed by the Chairperson of the Committee including recommendations for approval. Committee members shall serve for a period of up to three (3) years, extendable by up to a further period

of three (3) years, subject to the relevant person continuing to meet the criteria for membership of the Committee.

#### Licensing and Compliance Committee (L&C) Committee

Licensing & Compliance Committee					
Financial year 2016-2017					
Dates	B. Mathipa	M.C. Bogosi	O. Ward	A. Kanego	B. Monyatsi
13- Sep-16	-	588.00	-	588.00	-
28-Nov-16	-	-	588.00	588.00	588.00
13-Feb-17	-	588.00	-	588.00	588.00
<b>TOTAL</b>	<b>-</b>	<b>1,176.00</b>	<b>588.00</b>	<b>1,764.00</b>	<b>1,176.00</b>

#### Purpose

The purpose of the Licensing and Compliance Committee (the "Committee") is to assist the Board to carry out its Mandate to:

- License all forms of gambling provided for under the Act except for licences that require Requests for Applications (RFAs) and/or Public Hearings. Such licences are to be sent directly to the Board for consideration;
- License employees in the gambling industry;
- Impose licence conditions for all licensees;
- Ensure that all licensees conduct their business in a compliant manner;
- Ensure that compliance audits and reviews are conducted;
- Ensure that information used to assess License applications is relevant and up to date;
- Ensure that all Licence applicants meet the suitability criteria by having a thorough investigative process;
- Ensure that registers of employees are up to date;
- Ensure that registers of gambling machines are up to date; and
- Ensure that Gambling machines are subjected to the relevant technical standards.

#### Terms of Reference

The Terms of Reference were amended during the year under review as appropriate as part of the constant review of Terms of Reference that takes place every meeting and at least once a year.

Members of the Committee and its Chairperson shall be appointed by the Board but no longer in consultation with the Audit Committee chairperson. Instead members are now appointed in consultation with the Chairperson of the Committee itself.

The Licensing and Compliance Committee TORs were also amended to refer licensing applications that required formal requests for proposals to be addressed directly by the Board. These include the National Lottery Licence, Casino Licenses and Bingo and Sports Betting Licenses (Bookmaking and Totalisator).

#### Activities During the year

The Compliance report was presented to the Committee and the Board and implementation of corrective action by operators monitored by the Committee.

#### Human Resource Committee

#### Purpose

The purpose of the Human Resource Committee is to assist the Board of the Gambling Authority to fulfil their corporate governance and oversight responsibilities in relation to continuity; succession planning and development of senior management; compensation matters and performance governance of the Gambling Authority.

#### Composition and Attendance

HR Committee meetings for the period from 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017.

Human Resource Committee			
Financial year 2016-2017			
Dates	L. Busang	N. Mothobi	O. Ward
1-Jul-16	588.00	-	588.00
30-Nov-16	588.00	-	588.00
14-Feb-17	588.00	588.00	-
<b>TOTAL</b>	<b>1,764.00</b>	<b>588.00</b>	<b>1,176.00</b>

#### Terms of Reference

The Terms of Reference were amended during the year under review as appropriate as part of the constant review of Terms of Reference that takes place every meeting and at least once a year.

Members of the Committee and its Chairperson shall be appointed by the Board but no longer in consultation with the Audit Committee chairperson.

Instead members are now appointed in consultation with the Chairperson of the Committee itself.

#### Activities

The HR Committee is currently engaged in an organisation-wide exercise to review the Organisation Structures for resubmission to the Board and to MITI for consideration

#### Excessive Gambling Prevention and Rehabilitation (EGP&R) Committee

Excessive Gambling Prevention and Rehabilitation Committee			
Financial year 2016-2017			
Dates	M.C Bogosi	B. Monyatsi	T. Johnson
16-May-16	588.00	-	No Remuneration for all meetings
28-Nov-16	-	588.00	
13-Feb-17	588.00	588.00	
<b>TOTAL</b>	<b>1,176.00</b>	<b>1,176.00</b>	



The EGP&R Committee became operational during the year under review.

The purpose of the Excessive Gambling Prevention and Rehabilitation Committee is to guide and monitor the development and implementation of programmes and strategies aimed at preventing addictive or compulsive gambling and rehabilitating compulsive gamblers and to promote safe gambling practices.

#### Terms of Reference

The Terms of Reference were amended during the year under review as appropriate as part of the constant review of Terms of Reference that takes place every meeting and at least once a year.

Members of the Committee and its Chairperson shall be appointed by the Board but no longer in consultation with the Audit Committee chairperson. Instead members are now appointed in consultation with the Chairperson of the Committee itself.

Further to the above, the Chief Executive Officer was added to this Committee as an Ex Officio Member. It was on the basis that the CEO would not be conflicted by being a member of this committee, that the addition was approved by the Board.

#### Activities During the year

Stakeholder meetings were held with the operators during the year under review to discuss the way forward particularly with respect to the level and use of the current Gambling Levy. It is expected that a modus operandi will be reached during the course of the 2017/8 financial, year.

Discussions regarding the levies will include the Botswana Government as is required by the law.

The Committee also approved the invitations to Tender (ITTs) for Counselling Services and Research into the extent of problem gambling in the country. This will enable the Committee to consider what programmes are necessary.

#### Training and Localisation (T&L) Committee

Training and Localisation Committee			
Financial year 2016-2017			
Dates	O. Ward	L. Busang	N. Mothobi
30-Nov-16	588.00	588.00	-
14-Feb-16	-	588.00	588.00
<b>TOTAL</b>	<b>588.00</b>	<b>1,176.00</b>	<b>588.00</b>

The T&L Committee also became operational during the year under review.

The purpose of the Excessive Gambling Prevention and Rehabilitation Committee

#### Terms of Reference for the Training and Localisation Committee

This Committee is established as a Committee of the Gambling Authority Board (the "Board") under Section 2(a) of the Gambling Act 2012 (the "Act") and is authorised to undertake any activity within the Act and these terms of reference and to seek any information it properly requires to perform its duties from The Gambling Industry (the "Industry"), Operators, Management, Employees, Customers and Suppliers of the Industry.

All are required by the Gambling Act to cooperate with any request made by or on behalf of the Committee. The purpose of the Training and Localisation Committee (the "Committee") is to:

- Assist the Board in fulfilling its obligations relating to Training and Localisation in the Industry
- Empower citizen employees with the requisite skills to localise expatriate held positions in the Industry;
- Monitor training and localisation in the industry in order to assist the Board in its responsibilities to ensure the empowerment of Citizen employees with the requisite skills to localise expatriate held positions in the gambling industry
- Ensure the employment of early intervention strategies and training of staff within licenced entities/operators;

#### Terms of Reference

The Terms of Reference were amended during the year under review as appropriate as part of the constant review of Terms of Reference that takes place every meeting and at least once a year.

Members of the Committee and its Chairperson shall be appointed by the Board but no longer in consultation with the Audit Committee chairperson. Instead members are now appointed in consultation with the Chairperson of the Committee itself.

#### Procurement Committee (PROCHCO) – Board Tender Committee (B. Mathipa)

The Board Tender Committee shall have authority to:

- Call for, adjudicate and authorise acceptance or otherwise of formal tenders for the Authority's requirements of supplies and services subject to the Authority limits.
- The Committee should satisfy itself that adequate budgetary provision exists or that specific approval to the expenditure to be incurred has been given by the Board.
- Approve selective tender procedures and the list of pre-qualified firms (for Procurement within its threshold)
- Authorise and award formal tenders for values above the threshold the Management Tender Committee but below the threshold set by the Board for this Committee. Anything above the mentioned threshold for this Committee should be approved by the Board.
- Recommend, in special cases with proper justification, the waiver of tender procedures.

#### Activities During the year

Management has engaged with the Department of Labour on matters related to co-operation in the issue of Licences by the Authority and issuing of Work and Residence Permits by the Department.

It is expected that a modus operandi will be achieved in 2018 as well as a plan going forward for the Committee to review and monitor.

- Recommend to the Board any decisions for award of tenders or asset disposal, when the value of such is above its financial threshold.
- Authorise variations and waiver of tenders of values above the threshold of the Management Tender Committee and within its threshold.
- Authorise extension, assignment, subcontracting, subletting and other variations to original contracts.
- Approve or authorise the escalation on any contract where the escalation value exceeds 10% of the original contract sum.
- Seek expert advice on any matter of interest to the Committee.
- Compile a data bank of all the companies that the Committee might need.
- Consider appeals against awards decision if the complainants are aggrieved by the decision of any lower awarding authority.

It is expected that Prochco will be fully operationalised in 2018 after review of the Procurement Policies and Procedures has been completed by the PPADB.

#### Gambling Authority Compliance System

##### Leadership Training

The Management Team took part in Board Development and Governance Courses during the year under Review including introduction to King IV and the 19th African Corporate Governance Conference in South Africa, November 22, 2016.

##### Management and Control Structure

Gambling Authority is subject to Botswana Law, and aims to comply with the King IV principles of Corporate Governance in addition to Governance requirements of the "Shareholder", the Botswana Government.

Strategic Direction, Control and Monitoring are effected through the Board and its Committees whilst Management and Implementation are effected through the Chief Executive (who is an ex-officio Board Member) and his Team.







## Excessive Gambling Prevention and Rehabilitation

### COMMITTEE REPORT

The Excessive Gambling and Rehabilitation Committee is a Sub Committee of the Board whose main purpose as per the Gambling Act 2012, Section 13: shall be to guide and monitor the development and implementation of programmes and strategies aimed at preventing addictive or compulsive gambling, and rehabilitating compulsive gamblers.

#### 1. Terms of Reference

- 1.1 The purpose of the Excessive Gambling Prevention and Rehabilitation Committee (the "Committee") is to:
  - 1.1.1 guide and monitor the development and implementation of programmes and strategies aimed at preventing addictive or compulsive gambling and rehabilitating compulsive gamblers;
  - 1.1.2 promote responsible and safe gambling practices in Botswana by putting in place measure to prevent problem gambling, including:
    - 1.1.2.1 the use and display of responsible gambling messages;
    - 1.1.2.2 ensuring the use, access and effectiveness of information on risky or problem gambling, including campaigns; and
    - 1.1.2.3 ensuring ease of access to assistance and interventions for problem gambling.
  - 1.1.3 target measures which can encourage risky gambling behaviour, including:
    - 1.1.3.1 marketing strategies; and
    - 1.1.3.2 use of inducements/incentives to gamble.
  - 1.1.4 employ early intervention strategies; and training of staff, both within the gambling establishments and the Authority;
  - 1.1.5 explore and implement methods currently used to treat problem gamblers and the level of knowledge and use of them, including:
    - 1.1.5.1 counselling and issues for counsellors;
    - 1.1.5.2 education;
    - 1.1.5.3 self-exclusion; and
    - 1.1.5.4 prohibition.
  - 1.1.6 ensure data collection and evaluation of issues:
    - 1.1.6.1 engaging in gambling policy research and evaluation;
    - 1.1.6.2 working with other professionals

- in health and social settings to jointly ensure that gambling remains a safe activity for society;
- 1.1.6.3 ensure that problem gambling is adequately understood and researched;
- 1.1.6.4 put in place policies that would ensure that licensees act in a socially responsible way towards their customers;
- 1.1.6.5 encourage the gambling industry and the community to share information on societal concerns on gambling; and
- 1.1.6.6 monitoring and evaluating the impact of responsible gambling measures.

#### Duties and Responsibilities

- The main duties and responsibilities of the Committee are to:
1. consider policy proposals and strategies to proactively combat excessive gambling practices;
  2. monitor that under-age and vulnerable persons are protected from gambling activities and messages/advertising is not targeted at children;
  3. determine research, education and treatment programmes needed to support the responsible gambling strategy and the resources required;
  4. carry out research, surveys and studies on the prevalence, health and social impact of gambling in Botswana with a view to providing remedial solutions;
  5. encourage the gambling industry to put in place proactive excessive gambling prevention measures;
  6. review Regulations to ensure that they capture the objectives of the Board with respect to safe and harmless gambling and assessing their relevance;
  7. ensure that the procedures for self-exclusion are implemented and effective;

8. hold public enquiries and hearings, or workshops and seminars, or publish articles or cause to be published journals on any topic within its purview;
9. ensure that problem gambling is adequately understood and researched;
10. guide industry practices on measures that would reduce problem gambling including exclusions and other feasible options; and
11. building capacity for treatment of problem gamblers.

#### Composition of the Board

The Gambling Authority Board has appointed members of the Committee and its Chairperson. The Committee may co-opt up to 3 more members to join the committee as persons with an interest and/or expertise in the matter, being a medical expert, a sociologist or psychologist. This is a process that begun during the year under review.

Further to the above, the Chief Executive Officer was added to this Committee as an Ex Officio Member. It was on the basis that the CEO would not be conflicted by being a member of this committee, that the addition was approved by the Board.

The Chairperson of the Committee is Mr Blessed Monyatsi.

#### Activities of the Committee

- The Committee has looked at the following priorities to ensure a comprehensive support system is in place to support those who may be dealing with Excessive and Problem Gambling:
- The development of a robust, needs-based strategic framework to identify priorities for what should be funded and commissioned.
  - The development of the research, education and treatment components in the responsible gambling strategy, including a programme of research, monitoring and evaluation which establishes an evidence base, which will underpin all problem gambling activities.
  - High-level outcomes and measures of success.

#### The Committee has approved the following Invitations to Tender (ITT):

1. The provision of Counselling Services including Toll- free help line
2. Baseline Research to establish the prevalence of Problem or Compulsive Gambling in Botswana

#### Exclusion Statistics

Self – Exclusion is a process that allows for those that have decided that they wish to stop gambling for at least 12 months and wish to be supported in their decision to do stop. The Authority is mandated to allow for those patrons who may have issues with excessive or problem gambling to apply to register as an excluded person with the Authority.

This application can be done with any of the gambling establishments in Botswana, or directly with the Authority. Once such application is approved, the excluded person will not be allowed to enter any gambling establishment in Botswana. It is up to the patron to stick to their self- exclusion agreement, but if they do try to gamble during that exclusion period, the gambling establishment should take reasonable steps to prevent them from doing so.

The Gambling Act of 2012 also provides for Third Party Exclusions, where there is sufficient evidence of an individual having been identified as having issues with excessive or problem gambling, section 109 (2) of the Act states that:

a person may apply to the Authority for an order requiring the registration, as an excluded person, of

- (a) a family member of the applicant;
- (b) a person on whom the applicant is financially dependent in, whole or in part;
- (c) a person for whom the applicant is financially responsible for, in whole or in part;
- (d) a person who is subject to an order of a competent court holding that person to be mentally unsound; or
- (e) any other person
  - (i) to whom the applicant has a duty of care, or
  - (ii) whose behaviour manifests symptoms of addictive or compulsive gambling.



For the financial year 2016 /17 the following statistics of excluded persons were recorded:

Month	Exclusion Reason				Total
	Self-Exclusion Request	Sleeping on Casino Floor	Theft / Cheating	Loitering/ Misconduct	
Apr-16	0	0	0	0	0
May-16	0	0	0	0	0
Jun-16	0	0	0	0	0
Jul-16	0	0	0	0	0
Aug-16	2	0	0	0	2
Sep-16	0	0	0	0	0
Oct-16	1	1	0	0	2
Nov-16	0	0	0	0	0
Dec-16	5	0	0	0	5
Jan-17	9	1	1	1	12
Feb-17	13	4	0	0	17
Mar-17	7	0	2	0	9
TOTAL					47

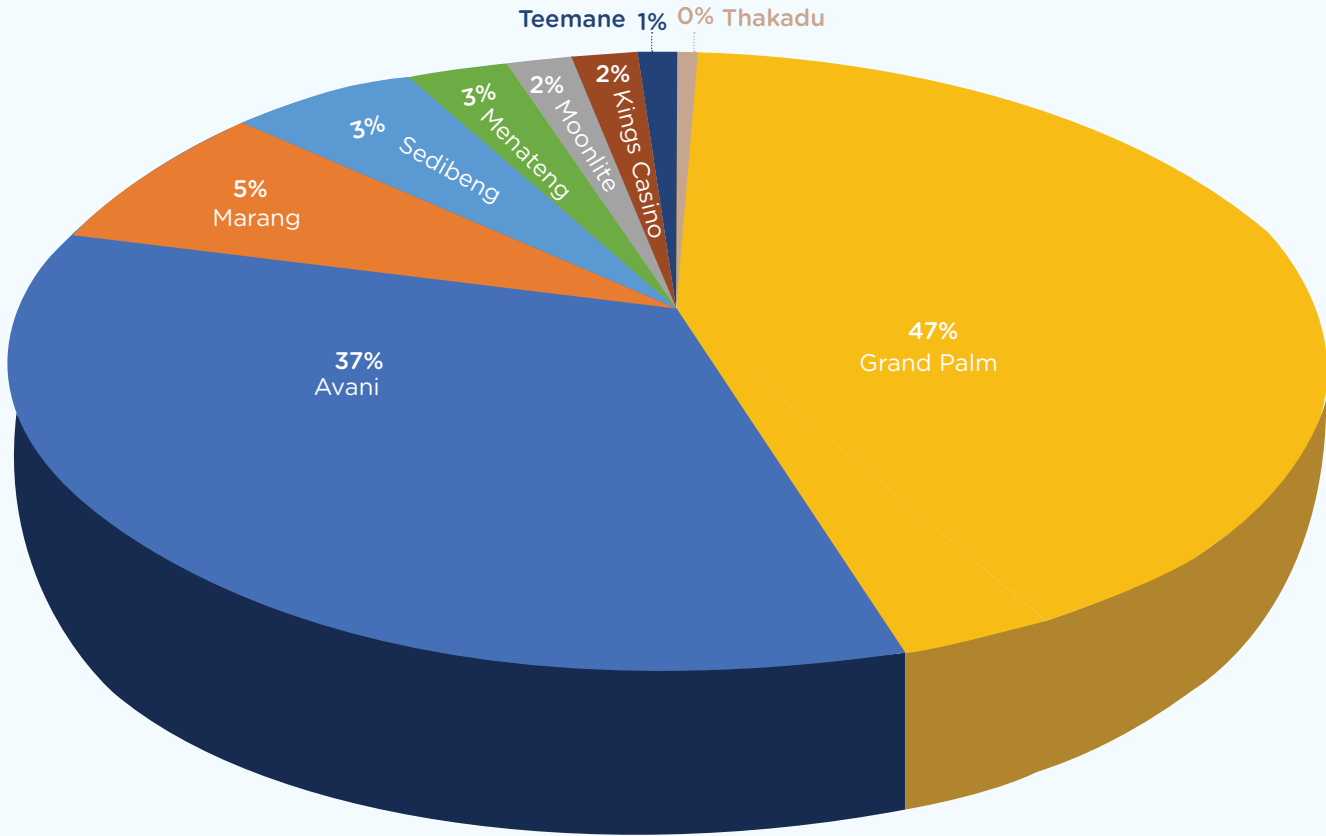
Contribution to the Excessive Gambling Prevention and Rehabilitation Levy

The Gambling Regulations of 2016, Part XXVI, Section 109 states that:

A licensee shall, in addition to the levy provided in Excessive Gambling regulation 108, contribute five per cent of its gross revenue to a Prevention and programme aimed at supporting responsible gambling monitored Rehabilitation by the Excessive Gambling Prevention and Rehabilitation Levy.

In line with these regulations, Contribution to the Excessive Gambling Prevention and Rehabilitation Levy for April 2016 to March 2017 is shown below. The Total contribution to the Levy for the fiscal year 2016 / 17 amounted to BWP 9,084,839.12

Excessive Gambling Prevention and Rehabilitation Levy



Excessive Gambling Prevention and Rehabilitation Levy per Casino, 2016/2017

Casino	Revenue	Percentage
Grand Palm	4,272, 274.79	47%
Avani	3,378,270.85	37%
Marang	433,704.61	5%
Menateng	292,692.80	3%
Sedibeng	274,755.03	3%
Moonlite	173,328.56	2%
Kings Casino	168,777.37	2%
Teemane	56,501.12	1%
Thakadu	34,534.00	0%
TOTAL	9,084,839.13	100%

## Board Member's

# PROFILES



**Mr. Thabiso T. Tafila**  
Chairperson of the Board

### Appointment to the Board

Appointed to the Board on the 1<sup>st</sup> June 2013 as a Board Chairperson.

### Career, Skills and Experience

Mr Tafila is a partner at Tafila Attorneys. He is a highly experienced defence lawyer in all aspects of litigation.

He advises local and international companies in the public and private sector with legal and practical knowledge of criminal defence, labour law, general and civil litigation, matrimonial and administrative law, company formation and conveyancing.

### Qualification

Bachelor of Laws (LLB), University of Swaziland (in conjunction with the University of Edinburgh (Scotland), 1983.

Certified Trainer of Trial Advocacy Trainers, School of Law, University of Washington, 2011.



**Ms. Boikanyo Mathipa**  
Vice Chairperson

### Appointment to the Board

Appointed to the Board on the 1<sup>st</sup> June 2013 and then as a Vice Chairperson.

### Career, Skills and Experience

Ms Boikanyo Mathipa was nominated by the Minister of Finance and Economic Development as a Board Member. As the Director of Tax Policy. Ms Mathipa oversees the coordination of national development planning, improves accountability for resources available and facilitates improvements in project implementation.

### Qualification

Master of Taxation (MTax), Melbourne University, 2001.

International Tax Program (Equivalent to Master of Public Administration and Master of Law), Havard University. Bachelor of Arts in Economics and Accounting (BA), University of Botswana, 1988.



**Ms. Ontlametse Ward**  
Board Member

### Appointment to the Board

Appointed to the Board on 1<sup>st</sup> December 2014 as a Board Member.

### Career, Skills and Experience

Ms Ontlametse Ward was nominated by the Minister of Investment, Trade and Industry and is currently the Deputy Permanent Secretary (MITI). Her department oversees trade and trade policy for achieving sustainable development goals (SGD's). Ms Ward also oversees multilateral trading systems that contribute to national efforts to directing policy towards inclusive and sustainable development. She is responsible for better understanding of trade and related policies, practices and their socio-economic impact.

### Qualification

Master of Economics (MA), University of Connecticut, USA 1994. Bachelor of Arts in Economics and Accounting (BA), University of Botswana, 1988.

Post Graduate Diploma in Management, University of Cape Town, 2012.





**Ms. Neo Mothobi**  
Board Member

#### Appointment to the Board

Appointed to the Board on the 1<sup>st</sup> June 2013 as a Board Member.

#### Career, Skills and Experience

Ms Neo P. Mothobi is currently employed as the Ngwato Land Board Secretary and has been nominated by the minister responsible for Town and Regional Planning. She had the opportunity to initiate long term strategic plans, prioritize and direct resources accordingly.

Ms Mothobi also has immaculate experience reviewing and guiding on preparation of regional and settlement development plans and town planning schemes.

#### Qualification

Master of Environmental Planning for Developing Countries (MA), University of Nottingham, 1994.

Bachelor of Arts in Environmental Science & French (BA), University of Botswana, 1989.



**Mr. Blessed Monyatsi**  
Board Member

#### Appointment to the Board

Appointed to the Board on the 1<sup>st</sup> June 2016 as a Board Member.

#### Career, Skills and Experience

Mr Monyatsi is a Social Development, Health and Administration expert with special skills in development and management of health programs and more than 15 years of continued work on HIV/AIDS and TB. He has very strong skills in strategic planning, monitoring and evaluation of large health programmes and capacity building.

He has worked extensively on HIV/AIDS, TB and social development. Mr Monyatsi is currently employed at ACHAP as the Head of New Projects.

#### Qualification

Master of Business Administration (MBA) University of Botswana, 2011.

Master of Development Studies (MA), University of Botswana, 2004. Bachelor of Arts in Social Work (BA), University of Botswana, 1996.



**Ms. Arabang Kanego**  
Board Member

#### Appointment to the Board

Appointed to the Board on the 1<sup>st</sup> June 2016 as a Board Member.

#### Career, Skills and Experience

Ms Arabang Kanego was nominated by the Minister responsible for Environment, Wildlife and Tourism. Ms Arabang Kanego is a strong advocate for the environment and environmental issues.

She is a former Chief of Natural Resources Officer whose drive and initiatives of sustainability and development of national frameworks will be critical to the authority.

#### Qualification

Master of Advanced Professional Studies (MSc), University of Strathclyde, 1997.

Bachelor of Arts in Environmental Science and Theology (BA), University of Botswana, 1992.

Diploma in Secondary Education, University of Botswana, 1985.



**Mr. Thulisizwe Johnson**  
Chief Executive Officer

#### Appointment to the Board

Assumed position to the Board on 1st June 2014 as an ex-officio Member.

#### Career, Skills and Experience

Mr Thulisizwe Johnson has a distinguished varied career in Financial Services, including having led the National Development Bank, and Metropolitan Life Botswana. Mr Johnson also has over 7 years' experience as Managing Director of Barclays Bank of Botswana.

#### Qualification

Master of Finance and International Marketing (Msc), Arthur D. Little School of Management, 1992.

Bachelor of Arts in Economics (BA), University of Botswana, 1986.





**Ms. Chawa Bogosi**  
Board Member

#### Appointment to the Board

Appointed to the Board on the 1<sup>st</sup> March 2014 as a Board Member. Retired 31<sup>st</sup> March 2017

#### Career, Skills and Experience

Ms Chawa Bogosi has worked as Director of Tourism in the Department of Wildlife and National Parks. She has also worked in the Ministry of Finance and has gained vast knowledge and experience in the gambling field as she was appointed as Secretary for the Casino Control Board in 1991, this role included approving employment applications for Casino junior staff. She has also worked in the Ministry of Commerce and Industry and has sat in other committees.

#### Qualification

Bachelor of Arts in Sociology and Administration (BA), University of Botswana, 1978.



**Mr. Lesego Busang**  
Board Member

#### Appointment to the Board

Appointed to the Board on the 1<sup>st</sup> June 2013 as a Board Member. Retired 30<sup>th</sup> May 2017.

#### Career, Skills and Experience

Mr Busang has been with ACHAP since 2003 and the Government as well as development of manuscripts published in peer review journals. Prior to joining ACHAP, he worked for the Botswana Harvard Partnership for HIV/AIDS Research and Education (BHP) as a trainee data manager.

He also worked for the Central Statistics Office (CSO) in the Demography Unit and before being transferred to the Census Office as part of the nucleus staff for the 2001 Population and Housing Census. Mr Busang developed the 2001 Census Enumerators. Manual and the Tabulation Plan.

#### Qualification

Master of Business Administration (MBA), University of Botswana, 2011.

Bachelor of Arts in Statistics (BA), University of Botswana, 1996.



Board Chairperson Mr. T. Tafila presenting a certificate to Board Member, Ms N. Mothobi. Borders members underwent governance training during the year under review.



## Executive

## TEAM



**Mr. Thulisizwe Johnson** /  
Chief Executive Officer

- Overall Strategic Direction
- Authority's long and short term plan.



**Mr. Potlako Mawande** /  
Chief Operations Officer

- Licensing
- Compliance
- Monitoring
- Investigation



**Mr. Peter Kesitlwe** /  
Chief Finance Officer

- Finance
- Administration
- HR Management
- Information Technology

## Executive

### TEAM

**Ms. Chandida Thembe**  
Chief Legal Officer

- Legal Advice
- Litigation
- Due Diligence
- Negotiation and drafting of contracts



**Mr. Solomon Moremong**  
Chief of Staff

- Strategy
- Corporate Communication
- Public Affairs
- Responsible Gambling
- Research



**Mr. Mbatl Lebang**  
Chief Internal Auditor

- Internal Audit
- Risk Management Consultancy
- Internal control



**Mr. Joseph Matome**  
Board Secretary

- Governance
- Board Meeting
- Secretarial Services
- Statutory Compliance



**Ms. Opelo Kwelagobe**  
HR Business Partner

- Strategic HR
- Performance Management System (PMS)
- Talent Management
- Succession Planning





## Licensing, Compliance and Monitoring

### REPORT

On April 2017 when the Gambling Authority became the official industry regulator one of the challenges that it was facing was to create an understanding of what the gambling environment in Botswana. This was in order to allow for regulation of the industry against a background where the information on machines and people was not readily available.

#### Licensing Services

The Licensing Services department is responsible for ensuring that all machines, employees and vendors in the gambling industry are licensed. At the beginning of the operations of the Gambling Authority the department was tasked with ensuring that all employees working in the industry were documented and registered; all machines that were on the casino floors were accounted for and licensed; and all businesses supplying services to casinos were licensed.

The Authority early on embarked on stakeholder engagements to inform the industry on Gambling Regulations and the expectations that would be placed on them as a result. Additionally the Compliance and Monitoring Department visits to the licensees were undertaken and all employees and machines were documented. The Licensing Department also standardised the requirements for the different types of licenses which are available to all potential licensees.

The licensing services department also presented a licensing manual to the Board for approval which would ensure that the provision of service to licensees on an ongoing basis will be done in a fair and consistent manner.

The licensing of service providers is new to the Botswana gambling regulatory environment. The Gambling Regulations 2016 provided that all service providers to the industry be registered to do business in Botswana by the Authority.

The intention is to ensure that standards are maintained in the provision of services, and to also eventually assist in creating business and employment opportunities for Botswana in the industry.

Stakeholder engagement in this regard was undertaken at regional and international forums as many of the service providers are based internationally. The Authority is pleased that these companies have started the process of registering as licensed service providers in Botswana.

#### Activities during the year

In October of 2016 the Board of the Authority approved the renewal of the Moonlite Casino license for a further 10 year period until 2026. This approval was arrived at after a compliance audit was conducted at the licensee to give the Board an understanding of how the licensee is operating.

Casino Machines & Tables 2016 - 2017

Casino	Machines on The Floor	Spare Machines	Tables	Spare Tables
Gaborone Sun	150	37	12	0
Grand Palm	150	19	16	1
Moonlite	53	1	4	0
Sedibeng	50	7	0	0
Kings	50	0	4	2
Teemane	64	0	4	1
Thakadu	50	0	0	0
Marang	58	4	0	0
Monateng	58	7	0	0
<b>Total</b>	<b>683</b>	<b>75</b>	<b>40</b>	<b>4</b>

## Internal Control, Audit and

### RISK MANAGEMENT

#### Internal Control

Management is responsible for ensuring that there is sound internal control over financial reporting. The internal control and risk management processes associated with financial and operational reporting have been planned in such a way that there is reasonable assurance over the reliability of reporting and to ensure that the applicable laws and regulations have been complied to.

Management has developed policies and procedures that encourage a strong ethical environment which supports the values and principles through which business operations should be conducted.

External and Internal assurance providers have been appointed to identify control weaknesses which undermine the internal control environment and these are periodically reported to the Risk, Finance and Audit Committee. The Committee monitors remedial actions to ensure that deficiencies are addressed adequately and timely.

#### Internal Audit

The Board has established a dedicated Internal Audit department to offer internal assurance services to the Authority. The Internal Audit department is an independent assurance provider that undertakes reviews geared towards providing assurance and insight to the Board on matters relating to efficiency and effectiveness:

- Efficiency and effectiveness of risk management, control and governance;
- Reliability of financial and operational reporting;
- Compliance with policies, procedures and laws;
- Safeguarding of organisational assets.

The Board has approved an Internal Audit Charter which outlines the purpose, authority and responsibilities of the Internal Audit department. The Charter also establishes the independence of the Internal Auditors by defining the reporting role of the department directly to the Board through the Risk, Finance and Audit Committee.

The Committee reviews and approves a 3 year Risk Based Internal Audit Plan and also provides oversight over the Internal Audit function and its reporting. The Board has committed support and place reliance on the work of Internal Audit.

#### Anti-Corruption Policy and Whistle-blowing Hotline

In an endeavor to dissuade unethical business practices and promote transparency, the organisation has adopted a Fraud Policy and an independent Whistle-blowing Service through which wrongdoing may anonymously be reported. The Policy defines the various reporting mechanisms and provides for the protection of whistleblowers.

#### Risk Management

The Gambling Authority recognizes that it shall be exposed to both internal and external risks whilst in pursuit of its strategic plan. The Authority is also cognisant to the fact that materialisation of these risks may impede it from achieving its strategic objectives and thus believes risk management is integral to the achievement of the Strategy.

#### Risk Management Responsibility

The Board of the Gambling Authority is responsible for the oversight of Risk management. The Board has delegated the review of the organisation's internal control and risk management systems to the Risk and Finance and Audit Committee. The Committee ensures that risk is considered at Strategy setting and that mitigating activities are applied throughout the implementation phases. The Committee also considers organizational risk registers and periodically reviews these for effectiveness.

#### Enterprise-wide Risk Management

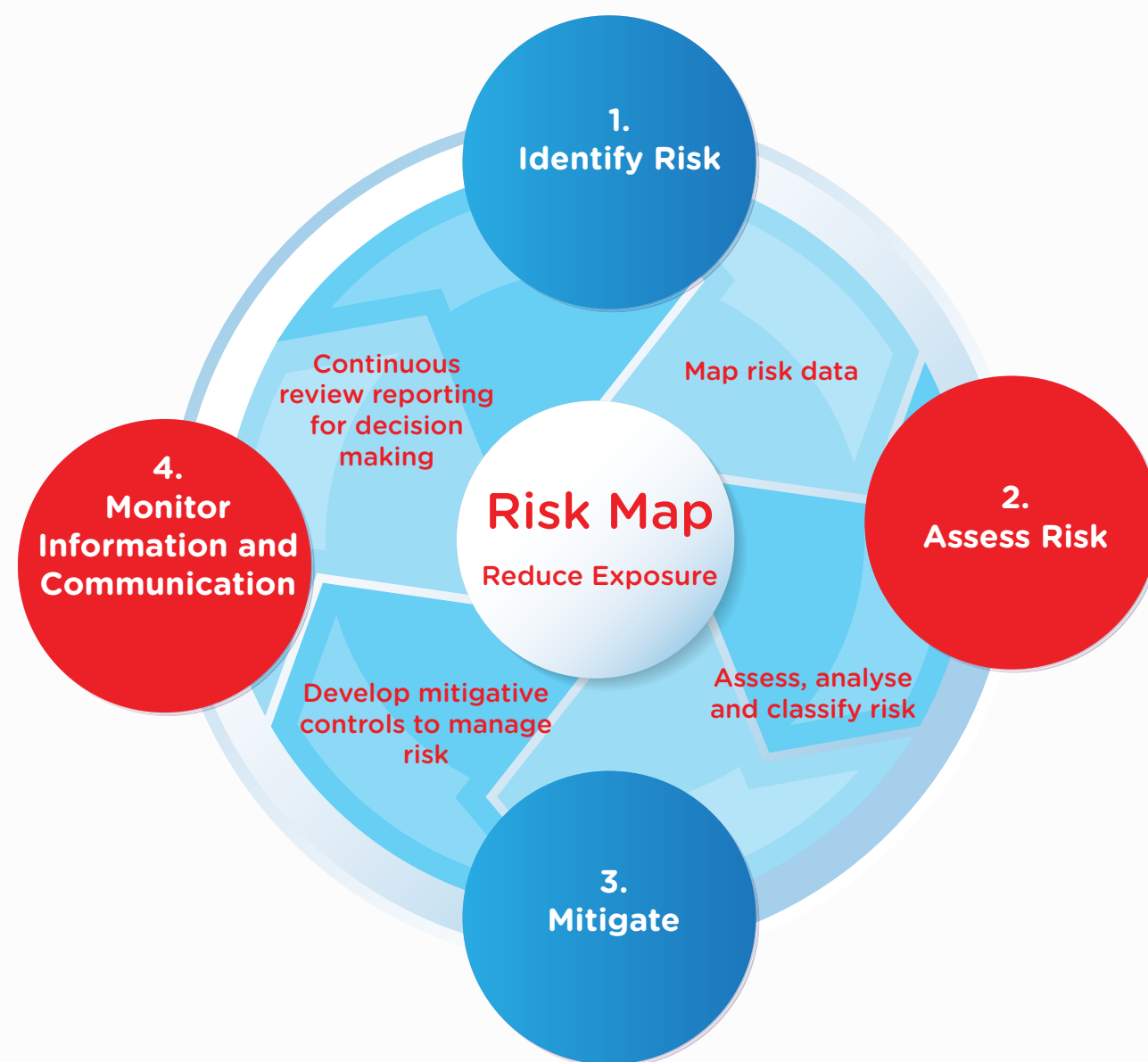
During the period under review, The Gambling Authority adopted an Enterprise-wide Risk Management Framework which provides a methodology that enables future activity to take place in a consistent and controlled manner and aiding achievement of objectives set.

The Authority believes that sound risk management not only contributes to good governance, but also reinforces the stewardship role played by the Authority's Executives through the exercise of proper due diligence in the process of value creation for its stakeholders.

The Authority recognises Risk Management to be an integral component of its fabric and that successful risk management requires implementation of a thorough and consistent enterprise-wide approach to risk identification, analysis evaluation, and by adopting sound communication practices.

The Gambling Authority is thus in a more practical position to controlling the negative consequences of risk and exploiting the opportunities for growth and value creation.

#### Our Risk Assessment Approach



1. Risk definition and identification ( Functional definition of risks types on whether they are Strategic, Operational, financial, compliance or project-based)
  - Risk appetite (Defining our risk tolerance levels the amount and types of risks which we are willing to tolerate in pursuit of our strategic objectives)
2. Risk Assessment and Analysis
  - Likelihood (Assessing the likelihood of the risk materialising)
  - Impact (Assessing the impact of the risk on the Authority)
  - Risk classification (Do we consider this to be a Low, Medium, High or Extreme risk)
3. Mitigative Controls Activities
  - Defined controls to mitigate identified risks to acceptable levels.
4. Monitoring, information and communication.
  - Continuous review of risk profile and ensuring information flows across the enterprise and through to decision making structures.

As part of the risk management plan, the Authority shall be engaging in a comprehensive risk assessment exercise that will culminate in the development of a Corporate Risk Register. This register will be instrumental in the implementation of the strategy and shall also enhance our commitment to minimising exposure.

Risk Champions will be appointed across the various functions to be the focal points for consultation and to facilitate embedding of risk management in a structured manner throughout the organisation.

#### Business Continuity Planning

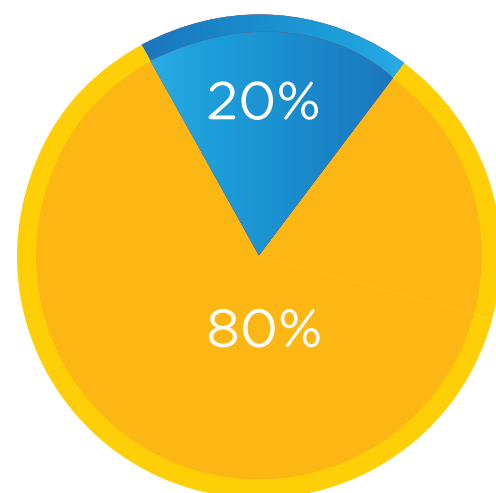
The Authority has undertaken to develop a Business Continuity Plan (BCP). The plan is intended to facilitate for continued availability of all critical functions and key services of the Authority should a disaster take place.

The BCP will assist in minimising adverse impact of such incidents on the Authority and with commissioning of robust controls which shall be embedded within the Authority's processes and procedures.



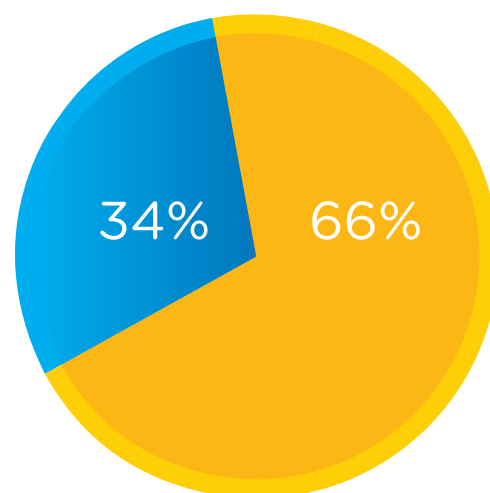
## Human CAPITAL

Fresh Graduates on Full Employment



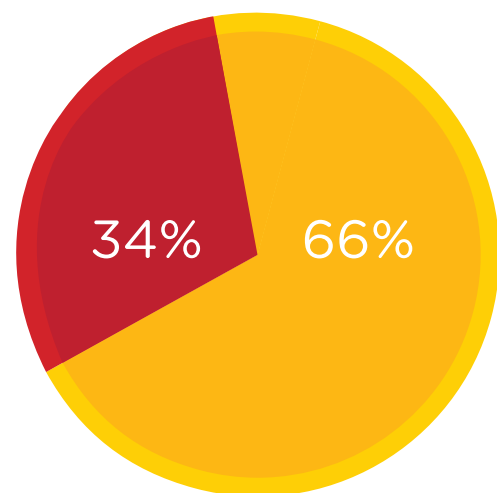
Fresh Graduates: 10  
Others: 40

Total Employees by Gender



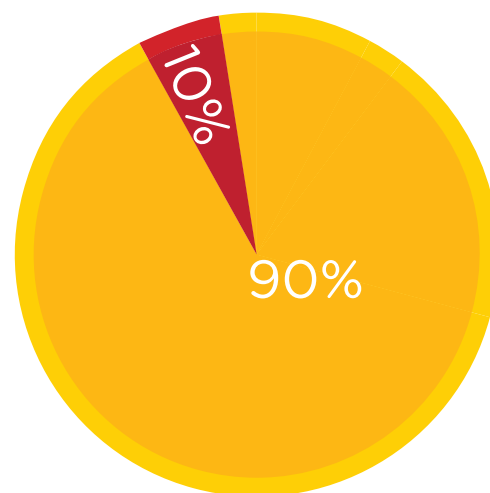
Females: 32  
Males: 18

Total Employees by Age



35 Years and below: 33  
36 Years and above: 17

Employment Status

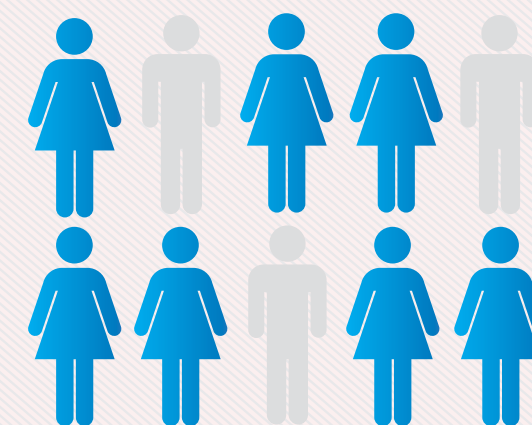


Interns: 5  
Permanent and Pensionable: 45



Fresh Graduates  
on Full  
Employment:  
20%

Female to Male  
Ratio: 64%





AT GAMBLING AUTHORITY  
WE CREATE OPPORTUNITIES  
FOR OUR PEOPLE TO REACH  
THEIR DEVELOPMENTAL GOALS.

WE OFFER OPPORTUNITIES  
TO YOUNG PEOPLE

**Total Employees by Age**

35 Years and below	66%
36 Years and above	33%



# LEGAL MINDS

SAFEGUARDING THE INTERESTS  
OF THE AUTHORITY AND  
MITIGATING LEGAL RISKS.





WE HARNESS RAW TALENT  
FOR THE BENEFIT OF OUR  
STAKEHOLDERS.



Gambling Authority





*At Gambling Authority  
we believe in youth  
empowerment.*



*At Gambling Authority  
we believe in women  
empowerment.*





## Environment, Wellness and

### OCCUPATIONAL HEALTH

Nothing is more important than the wellness and safety of everyone who works for the Authority. We believe that, all work-related illness, stress and injuries can and must be prevented. Management is responsible and accountable for wellness, safety and environmental performance of all employees.

This we do, cognizant that loss in man hours due to safety, health or environmental related harm will adversely affect our performance and overall strategy implementation.

During the year under review, Management continued with employee engagement on areas of wellness and personal safety, which we view as essential in the achievement of our set goals.

The Board and Management of the Authority view excellence in health (and wellness) and safety as supporting excellent business results. We have established a Wellness Committee, chaired by our Senior Legal Manager since we accept that Health and safety must be integrated in all business management processes.

We are committed to minimising the environmental impact of our operation and to that end, the Authority prides itself as a paperless, green company. We continue to share the bulk of our correspondences and documents electronically, including electronic archiving and the use of other digital technologies such as e-signatures and video conferencing, we aim to play our part in achieving and maintaining a reduced carbon foot print.



Pursuant to the call by Botswana Government through BOT50 Celebrations Coordinating office, for Batswana to actively participate in the activities lined up for the 50th anniversary of Botswana and that every Motswana should take pride in the festivities and the 50 years of Botswana's independence and sovereignty, Gambling Authority management, organised a delectable pre-independence jamboree for all its employees.







WITH THE DEDICATION OF  
OUR PEOPLE, WE ARE AIMING  
TO EMPOWER COMMUNITIES  
THROUGH NOTABLE SOCIAL  
CAUSES.



## Stakeholder

# ENGAGEMENT ACCOUNT

Gambling Authority licenses and regulates a range of businesses which, by virtue of their nature, have the potential for significant positive and negative social impacts on host communities and the Nation.



The overall conduct of Gambling Authority licensees and the values and standards that guide the gambling industry in Botswana are set out in the Gambling Act 2012, Gambling Regulations 2016 and our various policies and procedures.

In addressing interactions with our internal and external stakeholders, these guiding regulatory frameworks are put to strict observance. As an organisation, the Authority is also committed to working harmoniously with all our stakeholders, by leveraging on our stakeholder engagement plan to reach out to key players, important, affected and other players in the gambling industry.

We do this, cognizant of the fact of knowledge, without planned, deliberate and sustained creation and understanding, we labour for nothing in our efforts to create wealth for our nation through gambling related activities.

Government through the Ministry of Investment, Trade and Industry has remained our primary customer, and whilst we have continued to share our messaging through other platforms, including our website and social media, we have also deliberately engaged the traditional media with a view to amplifying our voice and reach to the nation.

Our message has been consistent on shaping the future of gambling in a responsible and sustainable manner. This message has been shared through the following media outlets, Botswana Television, Radio Botswana 1, Radio Botswana 2, Duma FM, Yarona FM, and private print media.

The Authority has continued to take advantage of mass public drawing events like the Business Botswana's Northern Trade Fair as well as the Consumer Fair to further spread the responsible gambling message, that emphasises the need for operators to be watchful in the identification of, and elimination of irresponsible gambling (this comes with punitive consequences for non-complying Licensees); Observance of the minimum age of gambling as 21 years; Self and third party exclusion of punters exhibiting compulsive gambling signs, by spouses, families or friends.

The Authority has also held talks with the business community in the Northern (Francistown) and Southern (Gaborone) parts of Botswana. The business community has also been identified as an Important Player in the gambling industry in Botswana, in that they are in one way or another affected or impacted by the actions of irresponsible gamblers. It is therefore imperative that employers should know how to identify and deal with cases of compulsive gambling behaviour.



**Thulisizwe Johnson, Gambling Authority CEO addressing over 350 Land board officials at Boipuso Hall, Gaborone: We recognise that an operating licence is our client's single most valuable asset.**



The signing of a bilateral memorandum of understanding (MoU) entered by and between Gambling Authority and Competition Authority, expressing a convergence of will to cooperate on matters of mutual concern by the parties.



Gambling Authority participated to create knowledge and understanding while promoting its brand during Business Botswana Northern Trade Fair in Francistown and Consumer Fair in Gaborone.



# FINANCIAL INFORMATION



## Gambling

### GENERAL INFORMATION

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Gambling Authority is a statutory entity formed in terms of the Gambling Act, 2012 to license and regulate all gambling activities in Botswana.
Board members	Mr. Thabiso Tafila (Chairperson) Ms. Boikanyo Mathipa (Deputy Chairperson) Mr. Thulisizwe Johnson (Chief Executive Officer) Ms. Ontlametse Ward Ms. Neo Mothobi Ms. Kelebaone Maselesele (retired 31/05/2016) Ms. Nankie Nkwe – Tabane (retired 31/05/2016) Mr. Lesego Busang (retired 30/06/2017) Ms. Chawa Bogosi (retired 31/03/2017)
Registered address:	West Wing Fairscape Precinct, Fairgrounds Office Park Gaborone
Postal address:	Private Bag BR 161 Broadhurst Gaborone
Bankers:	First National Bank of Botswana Limited BancABC African Alliance Investment Bank
Auditors	PricewaterhouseCoopers Certified Auditors
Legal form	Statutory body formed in terms of the Gambling Act, 2012





Contents	Page
Statement of responsibility by the Members of the Board	3
Independent auditor's report	4-6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in funds	9
Statement of cash flows	10
Notes to the financial statements	11-24
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detail income statement	Annexure I

## Statement of Responsibility

### BY THE MEMBERS OF THE BOARD

For the year ended 31<sup>st</sup> March 2017

The Members of the Board of Gambling Authority are responsible for the annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Gambling Act, 2012.

Gambling Authority (the “Authority”) maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of Authority’s assets. The members of the board are also responsible for the design, implementation, and maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of Members of the Board to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

The going concern basis has been adopted in preparing the annual financial statements. The Members of the Board have no reason to believe that the Authority will not be a going concern in the foreseeable future, based on the continuous support by the Government of Botswana through the Ministry of Investment, Trade and Industry.

Our external auditors conduct an examination of the financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the Members of the Board.

“The annual financial statements on pages 7 to 24 and supplementary information were authorised for issue by the Members of the Board on 21 September 2017 and are signed on its behalf by:

  
.....  
**Mr. Thabiso Tafila**  
(Chairperson)

  
.....  
**Mr. Thuilisizwe Johnson**  
(Chief Executive Officer)



## INDEPENDENT AUDITOR'S REPORT TO THE MINISTER OF INVESTMENT, TRADE AND INDUSTRY

### Report on the audit of the financial statements

#### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Gambling Authority (the "Authority") as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

#### What we have audited

Gambling Authority's financial statements set out on pages 7 to 24 comprise:

- the statement of financial position as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- statement of changes in funds for the year then ended;
- statement of cash flows for the year then ended; and
- notes to the financial statements, which include a summary of significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

#### Independence

We are independent of the Authority in accordance with the Botswana Institute of Chartered Accountants Code of Ethics (the "BICA Code") and the ethical requirements that are relevant to our audit of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with these requirements and the BICA Code. The BICA Code is consistent with the International Standard Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B).

#### Other information

The Members of the Board are responsible for the other information. The other information comprises the General information, Statement of responsibility by the Members of the Board and Detail income statement, which we obtained prior to the date of this auditor's report and other sections of Gambling Authority's 2016-2017 Annual Report, which are expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana  
T: (267) 395 2011, F: (267) 397 3901, [www.pwc.com/bw](http://www.pwc.com/bw)

Country Senior Partner: B D Phiso  
Partners: R Binedell, A S Edirisinghe, L Mahesari, R van Schalkwyk, S K K Wijesena

### Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Members of the Board for the financial statements

The Members of the Board are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Gambling Act, 2012, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members of the Board either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Members of the Board.



#### Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the Members of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


We communicate with the Members of the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Members of the Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Report on other legal and regulatory requirements

In accordance with Section 30(3) of the Gambling Authority Act, 2012, we confirm that:

- We have received all the information and explanation which, to the best of our knowledge and belief, were necessary for the performance of our duties as auditors;
- The accounts and related records of the Gambling Authority have been properly kept;
- The Gambling Authority has complied with all the financial provisions of the Act; and
- The financial statements prepared by the Gambling Authority were prepared on a basis consistent with that of the preceding year except for the adoption of new and revised International Financial Reporting Standards as stated in Note 1 to the financial statements.

  
Practicing Member: Kosala Wijesena  
Membership number: 20000110

Gaborone  
28 SEP 2017

## Gambling Authority

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31<sup>st</sup> March 2017

		2017	2016
	Note	P	P
Revenue	3	25,683,102	12,199,728
Operating Expenses		(25,399,801)	(12,199,728)
Operating Surplus	4	283,301	-
Finance income	5	131,532	5,734
Surplus for the year		414,833	5,734
Other Comprehensive Income		-	-
Total Comprehensive income for the year		414,833	5,734



## STATEMENT OF FINANCIAL POSITION

As at 31<sup>st</sup> March 2017

		2017	2016
	Note	P	P
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	6,664,424	1,071,877
		<b>6,664,424</b>	<b>1,071,877</b>
<b>Current assets</b>			
Trade and other receivables	8	2,769,195	-
Cash and cash equivalents	9	29,787,475	5,227,456
		<b>32,556,670</b>	<b>5,227,456</b>
<b>Total assets</b>		<b>39,221,094</b>	<b>6,299,333</b>
<b>Reserves and Liabilities</b>			
<b>Funds</b>			
Accumulated fund		426,050	11,217
		<b>426,050</b>	<b>11,217</b>
<b>Non-current liabilities</b>			
Capital grant	10	6,664,424	1,071,877
Operating lease liability	12	784,216	480,742
		<b>7,448,640</b>	<b>1,552,619</b>
<b>Current liabilities</b>			
Deferred income	11	-	3,133,991
Accounts payable	13	31,346,404	1,601,506
		<b>31,346,404</b>	<b>4,735,497</b>
<b>Total Funds and Liabilities</b>		<b>39,221,094</b>	<b>6,299,333</b>

## STATEMENT OF CHANGES IN FUNDS

For the year ended 31<sup>st</sup> March 2017

	Accumulated	
	Fund	Total
	P	P
<b>Balance at 1<sup>st</sup> April 2015</b>	<b>5,483</b>	<b>5,483</b>
Comprehensive income for the year	5,734	5,734
<b>Balance at 31<sup>st</sup> March 2016</b>	<b>11,217</b>	<b>11,217</b>
<b>Balance at 1<sup>st</sup> April 2016</b>	<b>11,217</b>	<b>11,217</b>
Comprehensive income for the year	414,833	414,833
<b>Balance at 31<sup>st</sup> March 2017</b>	<b>426,050</b>	<b>426,050</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2017

		2017	2016
	Note	P	P
<b>Cash generated from operations</b>			
Operating surplus		283,301	-
<i>Adjustments for:</i>			
Depreciation	7	973,809	180,215
Loss on disposal property, plant and equipment		12,320	35,669
Assets written-off to expenses		76,274	-
Operating lease liability		303,474	480,742
Amortisation of capital grant	10	(1,062,403)	(215,884)
<i>Changes in working capital</i>			
Trade and other receivables		(2,769,195)	-
Trade and other payables		3,363,306	1,447,139
Deferred income		(3,133,991)	(2,261,195)
<b>Net cash generated used in operations</b>		<b>(1,953,105)</b>	<b>(333,314)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(6,654,950)	(277,352)
Interest received		131,532	5,734
<b>Net cash used in investing activities</b>		<b>(6,523,418)</b>	<b>(271,618)</b>
<b>Cash flows from financing activities</b>			
Government capital grants received	10	6,654,950	277,352
<b>Net cash generated from financing activities</b>		<b>6,654,950</b>	<b>277,352</b>
<b>Net change in cash and cash equivalents</b>		<b>(1,821,573)</b>	<b>(327,580)</b>
Cash and cash equivalents at beginning of year		5,227,457	5,555,037
<b>Cash and cash equivalents at end of year</b>	<b>9</b>	<b>3,405,884</b>	<b>5,227,457</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2017

## 1. Summary of Significant Accounting Policies

### Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Gambling Act, 2012.

### Basis of Preparation of Financial Statements

The financial statements are prepared on the historical cost and are presented in Botswana Pula (P). Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

### Adoption of new and revised international financial reporting standards

### Standards and interpretations effective in the current year

In the current year, the entity has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual periods beginning on or after 1 April 2016. Adoption of these standards and interpretations have not had any impact significant on the financial statements of the Authority.

*Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative (effective date 1 January 2016)*

In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

### Standards in issue but not yet effective

At the authorisation of these financial statements, the following standards were issued but not yet effective for annual periods beginning on or after

*"Amendment to IAS 7 - Cash flow statements: Statement of cash flows on disclosure initiative (effective Annual periods beginning on or after 1 January 2017)"*

In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2017

### 1. Summary of Significant Accounting Policies (continued)

#### Standards in issue but not yet effective (continued)

"IFRS 15 – Revenue from contracts with customers. (effective Annual periods beginning on or after 1 January 2018)"

The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.

#### IFRS 9 – Financial Instruments (2009 & 2010) (effective annual periods beginning on or after 1 January 2018)

This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

"Amendment to IFRS 9 – 'Financial instruments', (effective Annual periods beginning on or after 1 January 2018)"

The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

IFRS 16 – Leases (effective annual periods beginning on or after 1 January 2019)

This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular.

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The Authority will evaluate the effect of all the new standards, amendments and interpretations that are in issue for adoption in the applicable periods. It is unlikely that these will have material impact on the Authority's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies (continued)

#### Property, Plant and Equipment

All Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to their residual values over their estimated useful lives as follows:

- Office equipment 4 years
- Furniture, fittings and equipment 5 -10 years
- Computer equipment 3 years
- Motor vehicles 4 years
- Leasehold improvements 5 years
- E Books 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

#### "Impairment of Non-Financial Assets"

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

#### Financial Instruments Classification

The Authority classifies its financial assets and financial liabilities into the following categories:

- Loans and receivable
- Financial liabilities at amortised cost

Additionally, the Authority received a total of BWP18.23 million in gambling levies, BWP 9 million in responsible gambling levies and BWP 1.34 million in entrance fees, totalling BWP 28.6 million in revenue. The levy funds will be used to finance responsible gambling programs and other gambling related matters in line with the Gambling Act, 2012.



## NOTES TO THE FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies (continued)

#### Financial Instruments (continued) "Recognition and Measurement"

Financial instruments are recognised initially when the Authority becomes a party to the contractual provisions of the instruments

The Authority classifies financial instruments or their component parts on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement.

#### Subsequent Measurement Loans and Receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

#### Financial Liabilities at Amortised Cost

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method

#### Derecognition

Financial assets are derecognised when the rights to receive cash flow from the investments have expired or have been transferred and the Authority has transferred substantially all risk and rewards of the ownership

#### Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### Impairment of Financial Assets

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies (continued)

#### Impairment of Financial Assets (continued)

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Authority may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

#### Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

#### Trade and Other Payable

"Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities."

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

#### Operating Leases - Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or operating lease liability. Neither the asset nor the liability is discounted.



## NOTES TO THE FINANCIAL STATEMENTS

## 1. Summary of Significant Accounting Policies (continued)

## Government Grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grants will be received and Authority has complied with all attached conditions.

Grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.

A government grant that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity is recognised as income of the period in which it becomes receivable

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

*Grant related to income are presented as a credit in the profit and loss.*

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount payable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

## Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods/services supplied, stated net of discounts and returns. The Authority recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Authority; and when specific criteria have been met for each of the Authority's activities, as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

## Grant Income

Grants are recognised as income over the period necessary to match them with the related costs that they are intended to compensate

## Other Income

Other income includes license fees, application fees, Gambling machines fee etc. earned by the Authority as a part its principal activities as the Regulator of gambling activities. These income are recognised as an when it is earned.

## Interest Income

Interest income is recognised on a time-proportion basis using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

## 2 Significant Accounting Estimates and Judgements

In preparing the financial statements management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities, and disclosures of contingent assets and liabilities. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

In applying the company's accounting policies, the following estimates and judgements have been made which carry the risk of causing significant material adjustments to the carrying value of asset and liabilities within the next year:

Estimated useful lives and residual values of property, plant and equipment.

The Authority follows the guidance of IFRS and determines the residual values and useful lives of assets at each reporting date. This determination requires significant judgement. In making this judgement the management evaluates amongst other factors, the purpose for which the respective asset is acquired, market conditions at the reporting date and the practice adopted by similar organisations.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2017

	2017	2016
	P	P
<b>3. Revenue</b>		
Government grant (Note 11)	23,582,151	11,983,843
Amortisation of capital grants (Note 10)	1,062,403	215,885
Application fees	100,000	-
Income from gambling machines	615,250	-
License fees	261,000	-
Others	62,298	-
	<b>25,683,102</b>	<b>12,199,728</b>
<b>4. Operating surplus</b>		
Operating surplus is arrived at after charging/(crediting) the following items;		
Auditors remuneration	85,000	28,500
Consultancy and professional fees	893,941	1,600,814
Depreciation	973,809	180,215
Donations	20,000	-
Directors' fees	76,365	22,923
Legal fees	569,855	211,211
Loss on disposal property, plant and equipment	12,320	35,670
Meeting and conference costs	649,700	278,881
Rent	2,237,807	3,305,845
Staff cost (Note 4.1)	13,234,393	2,453,354
Travel and accomodation	3,366,853	2,989,836
Other expenses	3,279,758	1,092,479
<b>4.1 Staff costs</b>		
Salaries	12,869,539	2,293,454
Staff welfare	364,854	159,900
	<b>13,234,393</b>	<b>2,453,354</b>
<b>5. Finance income</b>		
Interest income	131,532	5,734
<b>6. Taxation</b>		
Authority is exempt from income tax under paragraph (xx) Part 1 of the second schedule of the Income Tax Act (52:01).		

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2017

### 7. Property, Plant and Equipment

	Leasehold Improvements	E-Books	Office Equipment	Computer Equipment	Furniture and Fittings	Motor Vehicle	Total
	P	P	P	P	P	P	P
<b>Year ended 31<sup>st</sup> March 2016</b>							
Net book amount at beginning of year	-	-	-	63,219	45,691	901,500	1,010,410
Additions	-	-	109,317	135,978	32,056	-	277,351
Disposals	-	-	-	(35,669)	-	-	(35,669)
Depreciation	-	-	(8,773)	(29,290)	(9,986)	(132,166)	(180,215)
<b>Net book amount at end of year</b>	<b>-</b>	<b>-</b>	<b>100,544</b>	<b>134,238</b>	<b>67,761</b>	<b>769,334</b>	<b>1,071,877</b>
<b>As at 31<sup>st</sup> March 2016</b>							
Cost	-	-	109,317	169,777	85,031	1,129,489	1,493,614
Accumulated depreciation	-	-	(8,773)	(35,539)	(17,270)	(360,155)	(421,737)
Net book amount	-	-	100,544	134,238	67,761	769,334	1,071,877
<b>Year ended 31<sup>st</sup> March 2017</b>							
<b>Net book amount at beginning of year</b>	<b>-</b>	<b>-</b>	<b>100,544</b>	<b>134,238</b>	<b>67,761</b>	<b>769,334</b>	<b>1,071,877</b>
Additions	2,390,643	8,120	512,339	472,622	2,795,226	476,000	6,654,950
Assets written-off to	-	-	-	(76,274)	-	-	(76,274)
Disposals	-	-	-	(12,320)	-	-	(12,320)
expenses							
Depreciation	(330,047)	(947)	(69,352)	(119,773)	(242,377)	(211,313)	(973,809)
<b>Net book amount at end of year</b>	<b>2,060,596</b>	<b>7,173</b>	<b>543,531</b>	<b>398,493</b>	<b>2,620,610</b>	<b>1,034,021</b>	<b>6,664,424</b>
<b>As at 31<sup>st</sup> March 2017</b>							
Cost	2,390,643	8,120	621,656	532,280	2,880,257	1,605,489	8,038,445
Accumulated depreciation	(330,047)	(947)	(78,125)	(133,787)	(259,647)	(571,468)	(1,374,021)
<b>Net book amount</b>	<b>2,060,596</b>	<b>7,173</b>	<b>543,531</b>	<b>398,493</b>	<b>2,620,610</b>	<b>1,034,021</b>	<b>6,664,424</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2017

	2017	2016
	P	P
<b>8. Trade and Other Receivables</b>		
Levies and fees receivable	2,227,885	-
Prepayments	450,849	-
Other receivables	90,461	-
	<b>2,769,195</b>	<b>-</b>

Trade and other receivables are receivable within a year. Since impact of discounting is not significant, the fair value of trade and other receivables equals the carrying amount.

Trade and other receivables are receivable within a year. Since impact of discounting is not significant, the fair value of trade and other receivables equals the carrying amount.

<b>9. Cash and Cash Equivalents</b>		
Cash on hand	780	2,000
Short-term deposits	27,156,784	1,510,644
Cash at bank	2,629,911	3,714,813
	<b>29,787,475</b>	<b>5,227,457</b>

As at 31 March 2017, cash and cash equivalent includes an amount of P26,381,591 (2016: Nil) relating to levies and fees collected and held by the Authority on behalf of the Levy Fund until such time, the fund is established as per Section 134 of the Gambling Act, 2012.

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:

Cash on hand	780	2,000
Bank balances	29,786,695	5,225,457
Less: Fees and levies collected on behalf of the Levy Fund	(26,381,591)	-
	<b>3,405,884</b>	<b>5,227,457</b>

<b>10. Capital Grants</b>		
Balance at beginning of year	1,071,877	1,010,410
Purchase of assets during the year (Note 11)	6,654,950	277,351
Amortisation of grant to income during the year	(1,062,403)	(215,884)
Depreciation of property, plant and equipment (Note 7)	(973,809)	(180,215)
Write-off of property, plant and equipment (Note 7)	(76,274)	-
Disposal of property, plant and equipment (Note 7)	(12,320)	(35,669)
<b>Balance at end of year</b>	<b>6,664,424</b>	<b>1,071,877</b>

<b>11. Deferred income</b>		
Opening balance	3,133,991	5,395,186
Grants Received during the year	27,103,110	10,000,000
Less: Capital expenditure transferred to capital grants	(6,654,950)	(277,352)
Less: Amount utilised during the year and transferred to revenue (Note 3)	(23,582,151)	(11,983,843)
	<b>-</b>	<b>3,133,991</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2017

	2017	2016
	P	P

<b>12. Operating Lease Liability</b>		
Deferred rent	784,216	480,742
Deferred rent refers to straight lining adjustment of lease rentals.		

12.1 In prior year, deferred rent amount had been disclosed as part of other payable under current liabilities. During the year, it has been reclassified to "operating lease liability" and disclosed under non-current liability. This change has no impact on surplus reported for the current or prior periods.

<b>13. Accounts Payable</b>		
Fees and levies payable (Note 13.1)	28,609,476	-
Accrued leave pay and gratuity	1,520,623	589,796
Accruals and other payable	1,216,305	1,011,710
	<b>31,346,404</b>	<b>1,601,506</b>

13.1 Fee and levies payable represent the total amount of levies collected by the Authority during the year-ended 31 March 2017 and is held by the Authority as at the year-end until such time a fund is established as per the Section 134 of the Gambling Act, 2012.

<b>14. Financial Instruments by Category</b>		
The accounting policies for financial instruments have been applied to the line items below:		

### Financial assets - Loans and Receivable

Trade and other receivables	2,318,346	-
Cash and cash equivalents	29,786,695	5,225,457
	<b>32,105,041</b>	<b>5,225,457</b>

### Financial Liabilities at Amortised cost

<b>Accounts Payable</b>	<b>31,346,404</b>	<b>1,601,506</b>
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## Gambling Authority

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2017

	2017 P	2016 P
<b>15. Related Party Transactions</b>		
Gambling Authority is a parastatal established under Gambling Act, 2012 and it is 100% owned by the Republic of Government of Botswana.		
<b>(a) Grant received</b>		
Ministry of Investment Trade and Industry;	27,103,110	10,000,000
<b>(b) Compensation to Key management personnel</b>		
Key management includes board members and members of the executive committee.		
The compensation paid or payable to key management for employee services are shown below;		
Short term-employee benefits	3,965,533	574,454
Accrued gratuity	924,131	103,692
*2016 figures include Compensation paid to Chief Executive Officer only		
<b>(c) Directors' Emoluments</b>		
Mr. Thabiso Tafila	11,025	5,145
Ms. Boikanyo Mathipa	3,528	-
Ms Kelebaone Maselesele	-	3,122
Ms. Mavis C. Bogosi	19,553	13,480
Mr. Lesego Busang	13,110	1,176
Ms. Neo Mothobi	2,940	-
Ms. Ontlametse Ward	4,704	-
Ms. Arabang Kanego	10,752	-
Mr. Blessed Monyatsi	10,752	-
	<b>6,365</b>	<b>22,923</b>

## 16. Risk Management Capital Risk Management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as an on-going concern in order to provide benefits for stakeholders.

There are no externally imposed capital requirements and there have been no changes to what the Authority manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

## Gambling Authority

# NOTES TO THE FINANCIAL STATEMENTS

## 16. Risk Management (continued)

### Financial Risk Management

The Authority's activities expose it to a variety of financial risk as follows;

### Liquidity Risk

The Authority's risk to liquidity is a result of the funds available to cover the future commitments. The Authority manages liquidity through an ongoing review of future commitments and credit facilities.

The following tables detail the Authority's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Authority can be required to pay.

	2017 P	2016 P
<b>Less than 1 year:</b>		
Accounts Payable	31,346,404	1,601,506
<b>Credit Risk</b>		
Credit risk consists mainly of cash and cash equivalents and accounts receivable.		
The Authority only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. The Authority has deposits with First National Bank of Botswana Limited, African Alliance Investment Bank and BancABC. There are no credit ratings available in Botswana.		
First National Bank of Botswana Limited is listed on the Botswana Stock Exchange and is a subsidiary of First Rand Holdings Limited, a company listed on the Johannesburg Stock Exchange. African Alliance Investment Bank and BancABC are subsidiaries of African Alliance Limited and BancABC House respectively.		
Financial assets exposed to credit risk at the year end were as follows		
	2017 P	2016 P
Trade and Other Receivables	2,318,346	-
■ Cash at bank and short-term bank deposits		
■ First National Bank of Botswana Limited	11,710,915	5,225,457
■ African Alliance Investment Bank	1,037,639	-
■ BancABC	17,038,141	-
	<b>29,786,695</b>	<b>5,225,457</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 16. Risk Management (continued)

### Financial Risk Management (continued)

#### Market risk: Cash flow Interest rate risk

Fluctuation in interest rates impact on the value of short-term cash investment and financing activities, giving rise to interest rate risk. The cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risk.

At 31<sup>st</sup> March 2017, if interest rates on short-term deposit had been 0.5% higher / lower with all other variables held constant, surplus for the year would have been P 87,530 lower/higher, mainly as a result of higher / lower interest income on floating rate deposits.

## 17. Commitments

### (i) Operating Lease Commitments

The future minimum rent payments under cancellable lease agreements are as follows:

	2017	2016
	P	P
<b>Minimum Lease Payment Due</b>		
Within 1 year	3,518,338	3,257,720
Within 2-5 years	8,247,701	11,766,039
	<b>11,766,039</b>	<b>15,023,759</b>

### (ii) Capital commitments

There were no capital expenditure contracted for at the reporting date but not yet incurred.

## 18. Contingent Liabilities

There were no other contingent liabilities at the reporting date.

## 19. Events after Reporting Date

There were no events that occurred after the reporting date which would require adjustments or disclosures in the financial statements.

# DETAILED INCOME STATEMENT

For the year ended 31<sup>st</sup> March 2017

	2017	2016
	P	P
<b>Income</b>		
Government grants	23,582,151	11,983,843
Amortisation of capital grants	1,062,403	215,885
Other operating income	1,038,548	-
Interest received	131,532	5,734
	<b>25,814,634</b>	<b>12,205,462</b>
<b>Expenditure</b>		
Advertising and Promotions	296,109	375,688
Auditors remuneration	85,000	28,500
Bank charges	33,302	24,803
Cleaning	141,782	45,909
Consultancy and Professional Fees	893,941	1,600,814
Courier and Postage	2,595	2,904
Depreciation	973,809	180,215
Directors Fees	76,365	22,923
Donations	20,000	-
Insurance	214,402	46,738
Legal Fees	569,855	211,211
Loss on Disposal	12,320	35,670
Meeting and Conference Costs	649,700	278,881
Motor Vehicle Expenses	202,682	66,139
Office Expenses	298,479	44,857
Printing and stationery	237,766	92,289
Rent	2,237,807	3,305,845
Repairs and maintenance	26,907	15,590
Salaries and wages	12,869,539	2,293,454
Security	286,164	61,718
Staff Welfare	364,854	159,900
Subscriptions	104,995	42,762
Telephone and Fax	803,999	273,082
Travel and Accommodation	3,366,853	2,989,836
Utility	630,576	-
<b>Total Expenditure</b>	<b>25,399,801</b>	<b>12,199,728</b>
<b>Surplus for the year</b>	<b>414,833</b>	<b>5,734</b>

The supplementary information does not form part of the annual financial statements and is unaudited.

