



GAMBLING
AUTHORITY

ANNUAL INTEGRATED REPORT 2020

TOWARDS SAFE, SUSTAINABLE GAMING



Hon. Peggy O. Serame

Minister of Investment, Trade and Industry

“In 2012, Botswana Parliament passed the Gambling Act which enabled diverse licences to be issued in Botswana; these licences include casinos, lotteries, bingos, horse racing and sports-betting, among others.”

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GENERAL INFORMATION

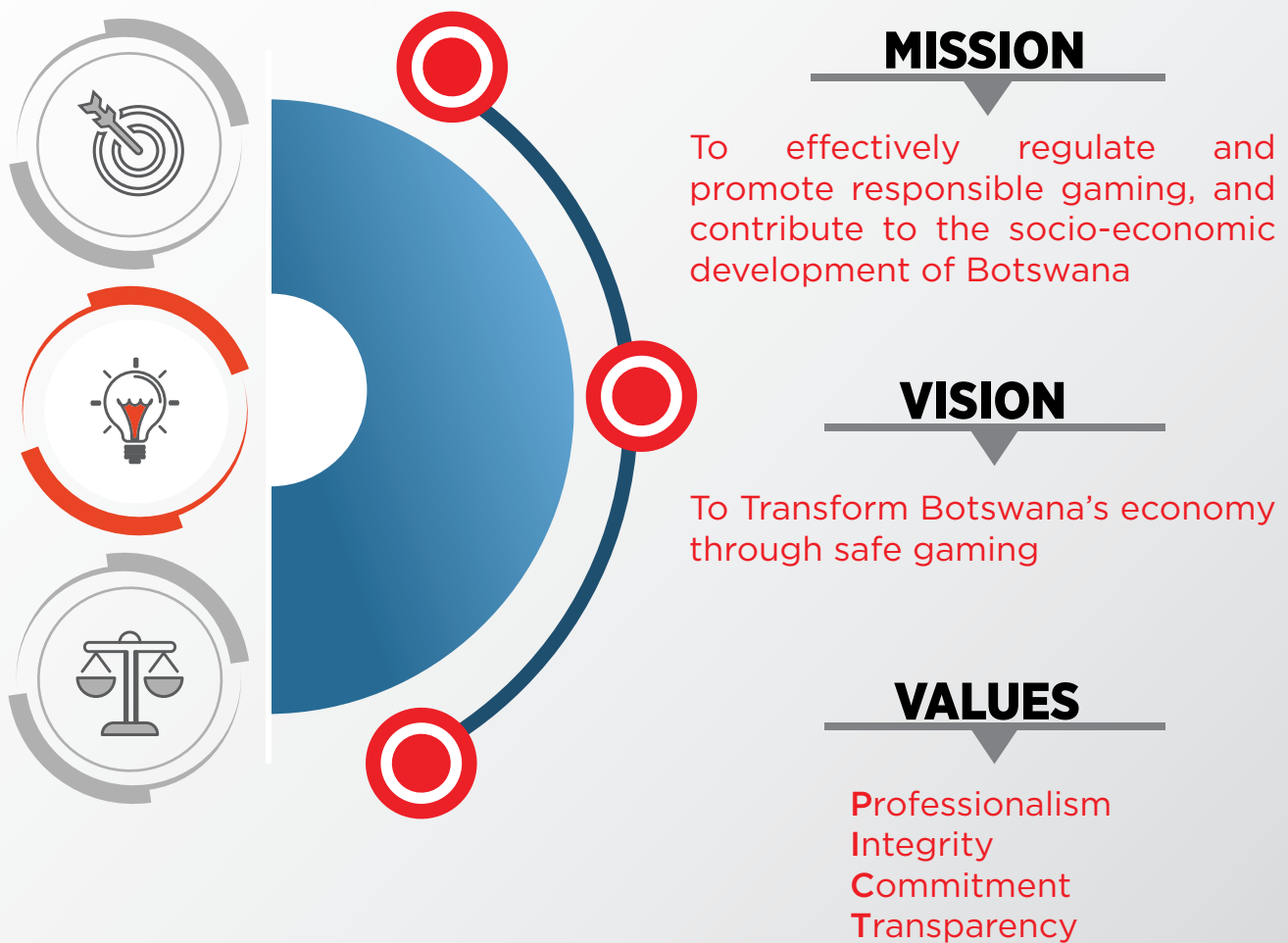
GAMBLING AUTHORITY OVERVIEW

The Gambling Authority is an autonomous body mandated by the Gambling Act, 2012 to regulate the Gambling Industry in Botswana.



GAMBLING AUTHORITY

MISSION, VISION, VALUES AND STRATEGIC INTENT



Submission of the Gambling Authority Integrated Annual Report 2019/2020

Hon. Peggy O. Serame
Minister of Investment, Trade and Industry
Private Bag 004
Gaborone

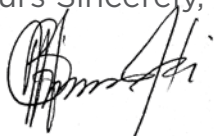
Dear Hon. Minister

RE: Submission of the Gambling Authority Annual Report 2019/2020

We are pleased to submit the Gambling Authority (the Authority) Annual Integrated Report in accordance with Section 31 of the Gambling Act, 2012 (the Act).

The report covers the Authority's performance for the fiscal year 2019/2020 and highlights both our financial and non-financial reporting matters. It also includes the Responsible Gambling Report as required by Section 113 of the Act.

Yours Sincerely,



Blessed S. Monyatsi
Board Chairperson



Thulisizwe W. Johnson
Chief Executive Officer

Abbreviations/ Acronyms

AML-	Anti-Money Laundering	IAGR -	International Association of Gaming Regulators
ACAMS-	Association of Certified Anti- Money Laundering Specialists	ICRG-	International Cooperation Review Group
BAOA-	Botswana Accountancy Oversight Authority	IR-	Integrated Reporting
BAC -	Bid Adjudication Charter	IT-	Information Technology
BEC -	Bid Evaluation Charter	ICT -	Information Communication Technology
BoBS-	Botswana Bureau of Standards	IFRS -	International Financial Reporting Standards
CAGR-	Compound Annual Growth Rate	IIRC -	International Integrated Reporting Council
CBD -	Central Business District	MITI -	Ministry of Investment, Trade and Industry
CIPA -	Companies and Intellectual Property Authority	MoU -	Memorandum of Understanding
CTF-	Counter Terrorism Financing	N/A -	Not Applicable
CPF -	Counter Proliferation Financing	NGO -	Non- Governmental Organization
DCEC -	Directorate on Corruption and Economic Crime	NLDF -	National Lottery Distribution Fund
DNFBP -	Designated Non-Financial Businesses and Professions	NSO -	National Strategy Office
EGM -	Electronic Gaming Machine	OECD -	Organization for Economic Cooperation and Development
EGP&R -	Excessive Gambling Prevention and Rehabilitation	PEEPA -	Public Enterprises Evaluation and Privatisation Agency
FATF -	Financial Action Task Force	PMS -	Performance Management System
FC -	Financial Capital	(PTY) LTD -	Proprietary Limited
FI -	Financial Institutions	RFA -	Request for Applications
F&KIBS -	Finance and Knowledge Intensive Business Services	RFAC -	Risk, Finance and Audit Committee
FY-	Financial/ Fiscal Year	SOE-	State Owned Enterprise
GA-	Gambling Authority	SRC -	Stakeholders Relationship Capital
G&SC -	Governance and Safety Capital	SDC -	Service Delivery Capital
GDP -	Gross Domestic Product	OC -	Organisational Capital
HR -	Human Resources	TOR -	Terms of Reference



Board Profiles



Board Profiles



I. Mr Blessed S. Monyatsi

Blessed S. Monyatsi, Head of New Projects at ACHAP, is a Social Development, Health and Administration expert with special skills in development and management of health programs. Monyatsi holds a Master of Business Administration (MBA) and a Master of Development Studies (MA), both from the University of Botswana.

II. Mr Olebile Machete

OleBILE Machete is the National Coordinator, Childline Botswana. He has been involved in various technical assignments for policy development, such as the Botswana Children's Act, the Botswana National Development Plan 11, Botswana Child Care Regulations, as well as development of Guidelines for Civil Society Funding. Machete holds a Bachelor's degree in Sociology obtained from the University of Botswana.

III. Mr Thulisizwe W. Johnson

Thulisizwe W. Johnson is the Chief Executive Officer of the Gambling Authority. He has a distinguished varied career, having led the National Development Bank, Metropolitan Life Botswana, Brizant (Pty) Limited and Barclays Bank of Botswana. Johnson holds Master of Science (MS) Management with Hult University formerly Arthur D Little, USA with majors in Finance and Bachelor of Arts in Economics (BA) from the University of Botswana

IV. Ms Rosinah Bontsi

Rosinah Bontsi, Director Economic Diversification Drive Unit, in the Ministry of Investment, Trade and Industry, a position she has occupied since 2016, was nominated by the Minister responsible for Investment Trade and Industry in accordance with Section 7 of the Gambling Act (the Act). Previously she was Director, Department of Trade and Consumer Affairs in the same Ministry. Bontsi holds a BA (Economics and Administration) degree from the University of Botswana.

V. Ms Arabang Kanego

Arabang Kanego, Deputy Director Department of Tourism, was nominated by the Minister responsible for Environment, Wildlife and Tourism in accordance with Section 7 of the Act. Kanego holds a Master

of Advanced Professional Studies (MSc) from the University of Strathclyde and a Bachelor of Arts in Environmental Science and Theology (BA) from the University of Botswana.

VI. Ms Itumeleng Mareko

Itumeleng Mareko, was nominated by the Minister responsible for Finance and Economic Development in line with Section 7 of the Act. Ms Mareko is Director, Finance and Banking. Her responsibilities include the review of legislation/regulations governing banks and non-bank financial institutions in order to incorporate new developments in the financial sector. Other responsibilities include anti-money laundering and combating the financing of terrorism. Mareko holds a M.Com (Accounting and Finance) Macquarie University in Australia and a BA (Economics and Accounting) (University of Botswana)

VII. Ms Mmakome F. Masendu

Mmakome F. Masendu is a retired Chief Commercial Officer at Ministry of Trade and Industry (now Ministry of Investment, Trade and Industry-MITI) having worked there for 34 years. As the Head of Internal Trade Unit her area of responsibility covered overseeing the activities of Liquor licensing, Trade licensing and Game and Gambling divisions. Masendu holds a Diploma in Trade Policy from Switzerland and a Bachelor of Commerce from the University of Botswana.

VIII. Ms Eunice N. Mmono

Eunice N. Mmono, Director Town and Country Planning, was nominated by the Minister responsible for Land Management, Water Management and Sanitation Services. Mmono holds a Master of Science in Urban Planning (Oxford Polytechnic now Oxford Brooks University, UK).

IX. Mr Marvin T. Torto

Marvin T. Torto, Managing Partner of the law firm Salbany Torto Attorneys holds a Bachelor of Laws Degree (University of Botswana) and admitted to practice as a Conveyancer, Notary Public and Attorney of the Courts of Botswana

Non-Board Committee Members





Non-Board Committee Members



I. Dr Kgomotso Jongman

(Excessive Gambling Prevention and Rehabilitation Committee member)

Kgomotso Jongman is a Lecturer in Social Work at the University of Botswana. Jongman has an illustrious career in the counselling field in Botswana, having worked for various organisations including Government and civil society organisations. He is a graduate of the University of Botswana where he studied for his first and Master's Degree in Social Work. He also has a Diploma in Philosophy from Stadium Philosophicum (Pretoria).

II. Mr Setlhalefi Motshegwa

(Risk Finance and Audit Committee member)

Setlhalefi Motshegwa has consulted extensively in company financial and management accounting, business management & development, projects appraisal and tax advisory. He holds an MBA from the University of Central England, a B. Comm (Accounting) from the University of Botswana and an ACCA. Mr. Motshegwa is a Fellow Certified Chartered Accountant (FCCA) and Fellow Chartered Professional Accountant (FCPA).

III. Ms Boitumelo Vavani

(Excessive Gambling Prevention and Rehabilitation Committee member)

Boitumelo Vavani is currently employed as a Lecturer at the University of Botswana, offering Psychology courses. She also provides counselling services to members of the community at the Psychology clinic of the University of Botswana. She has previously been employed as a Consultant at the Tara H Moross Mental Hospital in Johannesburg, South Africa. She is a graduate of the University of Witwatersrand, MA (Clinical Psychology), and University of Botswana (Bachelor of Psychology).

IV. Ms Colleen Blumton

(Risk Finance and Audit Committee member)

Colleen Blumton has experience in financial, business and management services in the private sector and international development organizations including project appraisal, implementation, systems design, business development, grant management and funder/donor relations. Ms Blumton is a Fellow Member of the Association of Chartered Certified Accountants (FCCA), a Fellow Chartered Accountant (FCA) member of the Botswana Institute of Chartered Accountants and holds a Master of Business Administration (MBA) degree from the University of Wales/Manchester Business School (UK) (Joint Programme)



Executive Committee



Executive Committee



I. Mr Thulisizwe W. Johnson

Chief Executive Officer

- Overall Strategic Direction
- Authority's long and short term plan
- Leading and motivating a high performing organisation
- Overseeing all operations and organisation activities

II. Mr Potlako Mawande

Chief Operations Officer

- Licensing
- Compliance
- Monitoring
- Investigations

III. Mr Peter Kesitilwe

Chief Finance Officer

- Finance
- Administration
- HR Management
- Information Technology
- Procurement

IV. Mrs Chandida Masomosomo

Chief Legal Officer

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

V. Mr Mbatl Lebang

Chief Internal Auditor

- Internal Audit
- Risk Management
- Combined Assurance
- Internal control

VI. Mr Joseph M. Matome

Board Secretary

- Governance
- Board Meeting Secretarial Services
- Statutory Compliance
- Integrated Thinking and Reporting

VII. Mr Moruntshi Kemorwale

Chief of Staff (Acting)

- Stakeholder Management
- Public Affairs
- Research Coordination
- Corporate Strategy
- Responsible Gambling

Foreword From Chairperson

"Leadership and learning are indispensable to each other."

— John Kennedy



Mr Blessed S. Monyatsi
Board Chairperson

As underscored in our immediate past report (FY 2018/19) the Authority adopted several best practice reporting models, namely Integrated Reporting, King IV Code, and recently the Organization for Economic Cooperation and Development (OECD) guidelines. The latter guidelines were crafted for parastatal organizations with a specific focus on those with a regulatory

mandate. The current reporting period marks the second year since these models were adopted. We look forward to a future of more transparent reporting on how we should continue to create value from the resources we deploy (our capitals) for the benefit of all our stakeholders.

The Authority's corporate strategy was reviewed during the previous reporting period and we have since witnessed significant improvements in the management of the organisation as well as growth in output value for our stakeholders. Some of the noteworthy achievements are highlighted below:

1. Significant Events - We issued a new casino licence to the Masa Casino in Gaborone and approved for the transfer of two licences. These two are Kings Casino in Lobatse, which changed ownership, and Moonlite Casino in Gaborone which relocated from the bus rank to a prime and safer area at the Airport Junction Mall. Following the year under review the Board selected and announced a preferred candidate as well as a reserve applicant for the national lottery licence. During the end of the year under review the Board approved the draft amendments to the Gambling Act. These have already been presented to the relevant Authorities for consideration.

Our stakeholder engagement efforts continue to yield results as there is increased knowledge and understanding of the gambling industry amongst the diversity of our stakeholders. We commissioned a baseline survey on the prevalence of excessive and problem gaming in Botswana. Furthermore, the Authority also digitized its service offering by launching online service platforms such as Papertrail and a basic Board Pack system developed in-house, using software already licensed to us.

2. Deployment of and the Impact on Capitals - The Authority extracted and created optimum value from deploying the five capitals of the integrated thinking model. This value, including lost value, is demonstrated throughout this report.

3. Operations and Governance- We have aligned our standards to several international benchmarks, namely the King IV code, OECD principles as well as Integrated Reporting standards in an endeavor to be a recognizable organisation in terms of compliance to applicable regulatory standards and performance. As a result of adopting these international benchmarks, the delivery of our operational performance is rendered within an environment of advanced risk management and management and assurance environment.

4. Financial Report - Our FY2019/2020 annual audited financial statement forms part of this report. It demonstrates that we expend our finances in a prudent and accountable manner. For the record, the report will show that the Authority received a clean audit.

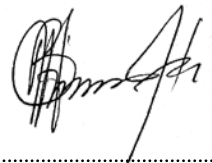
5. Anti-Money Laundering/Counter Terrorism Financing/Counter Proliferation Financing (AML/CTF/CPF) -

The Authority is a designated supervisory Authority under the second schedule of the Financial Intelligence Act hence participated in Botswana's programme to comply with the ICRG protocol. The Authority has undertaken specific actions to ensure that Botswana's rating by the ICRG swings in a

positive direction.

Conclusion - I would like to thank the Ministry of Investment, Trade, and Industry (MITI) for its continued guidance and support. I also thank employees of the Gambling Authority for their relentless efforts to ensure that the organization's strategic objectives are met.

This report covers the period April 2019 to March 2020, and it is during the first months of 2020 that the global pandemic, Covid-19 hit our shores. Therefore, it will be amiss of us to turn a blind eye to the challenges and opportunities presented by the Covid-19 pandemic. In this report we make mention of our interaction with the coronavirus, albeit briefly.



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Blessed S. Monyatsi
Board Chairperson

Statement of Performance by Chief Executive Officer

" You can do what I cannot do. I can do what you cannot do. Together we can do great things. " – Mother Teresa



Mr Thulisizwe W. Johnson
Chief Executive Officer

This report, which is our second in the journey towards achieving integrated thinking and reporting, is prepared amidst a period of great uncertainty, due to the COVID-19 pandemic. As noted elsewhere in this report, Botswana's first cases of the coronavirus were recorded at the close of the financial year 2019/2020.

The Authority had set a robust and bullish licensing plan commencing from 2019 and going into 2020 and beyond. We are content that, with the benefit of foresight, we determined from the onset that we need an organisation that could operate from

a virtual space, thus increasing our capacity and efficiency to serve our stakeholders, unrestricted by the need for physical assistance. Bearing in mind the latest developments around Covid-19; and with our focus on sustainable use of allocated capitals and the continued creation of value and reduction of waste, we have managed to achieve considerable positives in delivering our strategic objectives.

This does not mean we have not encountered challenges, as demonstrated in the body of our text. In addition to the operations, governance, stakeholder management effectiveness, and performance as highlighted by the Board Chairperson above, I wish to highlight the following for the year under review.

Performance Against Strategic Objectives

This is the third year of implementing our strategy 2017-2022; and we push on guided by our six objectives, being; i) To drive financial sustainability ii) To create a diversified gaming industry iii) To engage stakeholders, iv) To attract and retain competent workforce v) To enhance skills and capabilities. To achieve our objectives, we are directed by these five capitals; i) Organizational capital, ii) Stakeholder engagement capital, iii) Service delivery capital, iv) Governance and safety capital and v) Financial capital. These are clearly elaborated in the body of the report. We have delivered our objectives as follows.

Objective No. 1: To Drive Financial Sustainability

We determined the volume of resources needed to be deployed in order to achieve both our strategic and tactical objectives. These resources include funds, material, labour costs, equipment and technology, and time among others. These objectives were translated into sub-objectives for various operating units.

It is worth noting that during the year under review we continued to run a balanced budget to ensure operational efficiency as well as adequate liquidity

and solvency for the development of the capitals. The Authority receives funding from the Government of Botswana in the form of subvention which makes 85% of the Authority's revenue.

The Members of the Board ensured that the financial statements are prepared to give a true and fair view in accordance with International Financial Reporting Standards and the internal controls are adequate to ensure that financial statements are free from material misstatement, whether due to error or fraud.

Objective No. 2: To Create a Diversified Gaming Industry

During the year under reporting, we licensed one new casino for Gaborone. In addition, we licensed the transfer of two casino licenses to more accessible and safer places, in Gaborone and in Lobatse. However, our licensing programme was greatly affected by Covid-19 during the fourth quarter of the year. Following the end of the year under review, the evaluation process with respect to the applications for the national lottery licence was completed and presented to the Board for the selection of a preferred and reserve applicant to operate the national lottery on behalf of the nation.

Objective No. 3 To Engage Stakeholders

During the year under reporting we continued executing our Stakeholder engagement plan by employing a multiplicity of both above and below the line tactics. Our focus has generally focused on brand awareness and fostering direct relationship with all stakeholders, including responsible gaming communication.

Objective No. 4: To Attract and Retain Competent Workforce

Staff turnover rate for the year under review was 11.32% percent. This represents 6 employees who left the Authority on voluntary bases.

We are currently reviewing our policies and procedures to keep the Authority up to date with regulations, technology, and industry best practice thereby ensuring a fit for purpose organisation that continues being attractive to staff.

Objective No. 5: To Enhance Skills and Capabilities (Organisational Capital)

We offered our staff on-the-job training as well as offsite courses to align their skills and capabilities

to the demands of the organizational strategy objectives.

This has impacted on our capitals as we gained enhanced understanding and knowledge of the industry and therefore better regulation and service delivery.

Deployment of Capitals or Stocks of Value

Below I briefly explain how we employed our integrated reporting capitals to achieve our mandate.

Capital No.1: Stakeholders Relationship Capital

During this review period we engaged 65% of the stakeholders we had planned to engage. Our stakeholder engagement journey was cut short in quarter 4, when Covid-19 reached our shores and health protocols were introduced to contain and manage the possible spread of the coronavirus.

Capital No.2: Service Delivery Capital

Our licensing programme delivered a casino licence and two transfers for casino licences; this was in addition to the announcement of the preferred bidder of the National Lottery. Still speaking to service delivery, after a lengthy process, proposals for amending the Gambling Act were completed by Management and draft amendments to the Act presented to the Board for approval. The aim of these amendments is to align the Gambling Authority with global advances in the gaming sector of the economy.

Capital No.3: Governance and Safety Capital

Our Responsible Gaming Framework was commissioned and was awaiting Board approval at the time of compiling this report. We were also able to commission the Baseline study on prevalence of excessive and problem gaming in Botswana. The results of this study are expected to give further impetus to our responsible gaming interventions.

Capital No.4: Financial Capital

The financial statements of the Gambling Authority for the financial year ended 31st March 2020 were audited by PriceWaterhouseCoopers. The Authority recorded a deficit of P0.34 million compared to a deficit of P3.53 million of the previous year. This represents a deficit reduction of 90% and an improvement in financial;

A) Revenue

Gambling Authority (the Authority) is funded by Government and in the year under review, the subvention received was P41.73 million representing 85% of the total income compared to P31.72 million of the previous year. P3.63 million of revenue was raised from rendering of services in the year under review compared to P3.42 the previous year.

B) Working Capital

The working capital position of the Gambling Authority as of 31st March 2020 indicated a total current asset of P127.9 million and a current asset liability of P131.8 million resulting in a net current liability of P 3.88 million.

C) Levies Collected

Casino license levies collected from the financial years 2016 to 2020 and interest accrued amounts to P79.9 million and is shown as a liability in the Authority's financial statements. The levies collected have been transferred to Bank of Botswana as instructed by the Ministry of Investment, Trade and Industry in the month of July 2020.

Casino Levies Table

	2016/2017	2017/2018	2018/2019	2019/2020	Total
Casino Levies	19,072,984	17,967,826	18,126,101	18,896,104	74,063,015
Interest Received	-	1,334,615	1,625,345	2,917,140	5,877,101
Total	19,072,984	19,302,441	19,751,446	21,813,245	79,940,116

Looking Ahead

Overall, the Authority dispatched positive achievements against targets. This is despite disruptions brought about by the COVID-19 pandemic during Quarter 4 of the year under review. Going forward, the Authority will relentlessly pursue a robust programme to realize the key strategic objectives espoused in the corporate strategy.

Appreciation

I thank all colleagues for their tenacity and commitment in the journey to establish what is a very nascent industry in Botswana. I also pass my gratitude to our Chairperson and the Board for their wise counsel during the year. Finally, I express my appreciation to all our stakeholders whose support continues to propel our calculated navigation in this budding industry.

Thulisizwe W. Johnson
Chief Executive Officer





Basis of Preparation

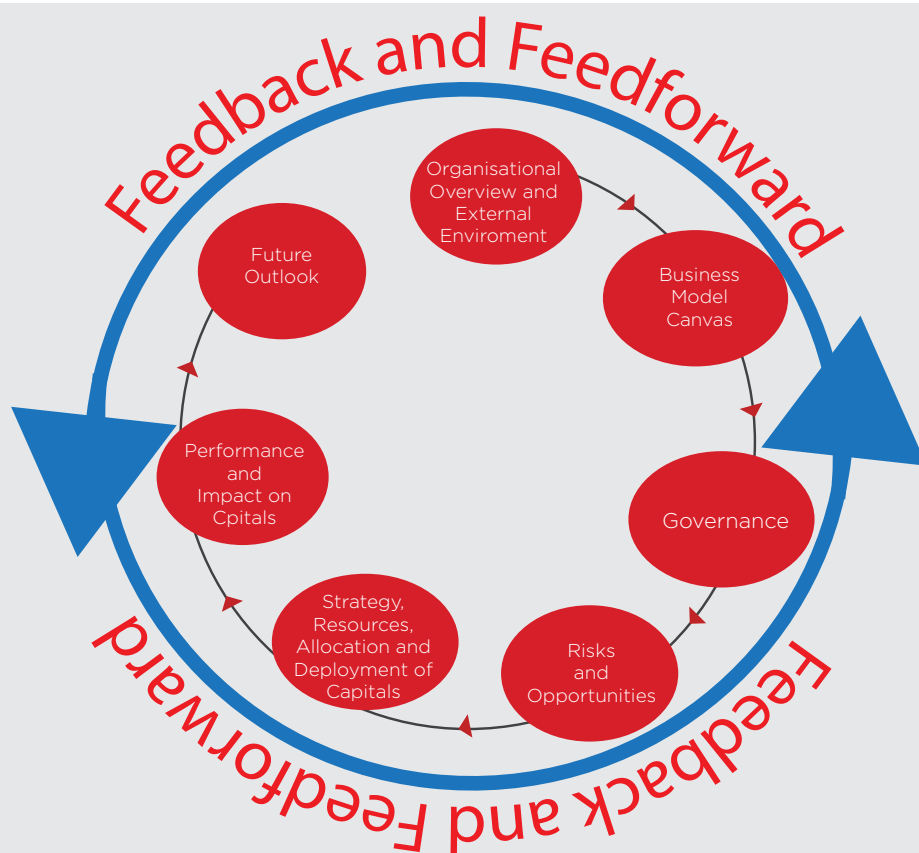
Outline of Our Story

This annual report addresses the following matters, as demonstrated in figure below:

- Organisational Overview and External Environment
- Business Model Canvas
- Governance
- Risks and Opportunities
- Strategy, Resources Allocation and Deployment of Capitals
- Performance and Impact on Capitals and
- Future/Outlook

These headings were developed and aligned as guided by the International Integrated Reporting guidelines. These guidelines guarantee transparent reporting and disclosure to the Gambling Authority's

stakeholders on non-financial and financial aspects of gaming. Integrated Reporting discloses how we pursue our core purpose, strategy, objectives, and business model while deploying allocated resources and capitals for beneficial performance and a long-term value creation and sustainability outlook. In this report, we tell our story; the story of how we have used the capitals (resources) allocated and entrusted to us by the Government and the people of Botswana, to generate sustainable value for our stakeholders and the nation. We are hopeful, that our approach to reporting, which is aligned to international best practice will provide an eagle's eye view on how we have added value for the benefit of our stakeholders.



The Objectives of this Integrated Report



The objective of this integrated report, which is produced to fulfill our statutory obligations as per Section 31, under Part V of the Gambling Act, 2012 (the Act), as well as s113 (c) of the Act is to orientate the multiple stakeholders of the Authority to understand the institution's core purpose, strategic objectives, and business model. The Integrated Report also enunciates how we use and affect our resources (capitals/inputs) to deliver on our mandate to create and nurture long-term sustainable value.



This report also presents the medium-to-long-term sustainability outlook of the Authority. Through this report, we hope to not only create knowledge and understanding of our value adding activities, but to also promote feedback from our stakeholders on how our business impacts their lives, and how best we can serve them going into the future.



We also aim to paint a clear picture on the future we envision for the Authority as well as the gaming (including gambling) industry in Botswana. We are of the view that it is only when stakeholders understand and share the dreams and aspirations of the Authority that they will meaningfully interact with us for the realization of the total value of capitals employed.



Organisational Overview and External Environment



Organisational Overview and External Environment

National and Global Context

According to Research and Markets, the global gambling market is expected to reach revenues of over \$525 billion by 2023, growing at a CAGR (Compound Annual Growth Rate) of approximately 4% during 2017-2023. The global gambling market is driven by increasing penetration of online gaming and betting. The Botswana market has experienced a 64% reduction in casino revenues due to the COVID-19 pandemic; and it is expected to recover with the introduction of the National Lottery and other licence types such as sports betting. This recovery is expected to manifest over a period of 3 years.

Locally, our national vision (Vision 2036) pronounces that Botswana will have a strong external focus with a market that is largely outside our borders by the year 2036. This will be realised through an economy that is diversified, competitive and private sector led, with sustainable business opportunities.

This intent is further supported by the National Development Plan 11 which aligns with the national vision and commits to developing diversified sources of economic growth as one of the priority areas in the long term.

Vision 2036 aims to transform Botswana from an upper middle-income country to a high-income country within the next 20 years. This Vision identifies the following four key Pillars as foundation of the principles it espouses: Sustainable Economic Development, Human and Social Development, Sustainable Environment, and Governance, Peace and Security.

The Ministry of Investment, Trade and Industry contributes to the Vision 2036 pillar 'Prosperity for All' and the NDP 11 'Economy and Employment' thematic area. Therefore the Ministry drives policy formulation and strategies that seek to diversify the national economy through the creation of a conducive business environment; and diversified industries in addition to creating sustainable employment for Botswana by facilitating domestic

and foreign direct investments. The Ministry also promotes the development of an entrepreneurial culture. These priority areas seek to address key national challenges such as poverty, unemployment, income inequality, and slow economic growth.

Given the fact that the Authority is a regulator, its role in the new national transformation agenda would be to effectively facilitate the growth of the gaming industry. A position that is endorsed by both the NSO and the MITI. Specifically, the Authority is expected to contribute to the Finance and Knowledge Intensive Business Services (F&KIBS) cluster of the national transformation agenda.

A clear understanding of the contribution that the Authority is expected to play in the national transformation journey enabled the leadership to test and adapt the current Vision, Mission, Strategic Intent and Values in alignment with the new national agenda. The resultant strategic foundations that are presented below seek to give clear strategic direction and drive economic and social impact in agreement with the national vision.

Below we note the Authority's new strategic foundations:

- Revised Vision Statement: **Transform Botswana's economy through safe gaming**
- Revised Mission Statement: **To effectively regulate and promote responsible gaming, and contribute to the socio-economic development of Botswana**
- Revised Values: **Professionalism, Integrity, Commitment, Transparency**

Our Core Values Defined

In addition to MITI's core values, the Authority upholds the following values in all our dealings with stakeholders, operators, other industry participants, partners, and key publics:

- **Professionalism:** We will leave a positive impression on our tracks whenever we deal with or on behalf of our stakeholders.
- **Integrity:** We will be honest and show a consistent and uncompromising adherence to strong moral and ethical principles and values.
- **Commitment:** We pledge to dedicate all our capitals to the realisation of our Vision and Mission.
- **Transparency:** We will conduct our business in such a way that it is easy for others to see what actions are performed. Transparency to us implies openness, communication, and accountability.

Read together, our values can be shortened as **"Pro-ICT"**, and this resonates well with our ambition of becoming an organisation that does its business online. We believe in a virtual office as it creates efficiency and effectiveness in our delivery.

Leveraging our Vision & Mission

During the year under review, the Board of the Authority reviewed and modified the organisation's Values, Mission, Vision, and strategy to align them with the National Vision 2036 and our host Ministry's Vision (Ministry of Investment Trade and Industry – MITI).

This was to align the organisation with the nation's aspirations and to enable the Authority to effectively regulate and promote responsible gaming and contribute to the socio-economic development of Botswana. Our revised Vision and Mission are as captured below:

The Authority's Vision is aligned to the National Vision 2036 – "Prosperity for All", which informs the Authority's strategy in contributing towards the following:

- **Pillar 1 – Sustainable Economic Development** – through facilitating a dynamic and innovative gaming industry (such as Lottery licensing which is ongoing, signing of a Memorandum of Understanding (MoU) on funding the proposed gaming laboratory to be hosted by the Botswana Innovation Hub).
- **Pillar 2 – Human and Social Development** – through creating employment, and development of gambling industry businesses by continuing to licence employees and services providers; as well as supporting good causes through the National Lottery Development Fund (NLDF).
- **Pillar 3 – Sustainable Environment** – supporting expanded long-term sustainability and stakeholder value creation.
- **Pillar 4 – Governance, Peace and Security** – ensuring stability of internal and industry governance while promoting security through responsible gaming.

The Authority's Vision, Mission and Values are also aligned to the parent Ministry's corporate strategy as demonstrated below.

Enhancement of the Achievement of the Ministry of Investment, Trade and Industry's Corporate Strategy

The Gambling Authority exists as an entity under the Ministry of Investment, Trade, and Industry (MITI). The Ministry's Vision is "Prosperity through vibrant, diversified and competitive industry," and the Authority's Vision of "Transforming Botswana's Economy Through Safe Gaming" is in tandem and in support of this greater vision for the economy.

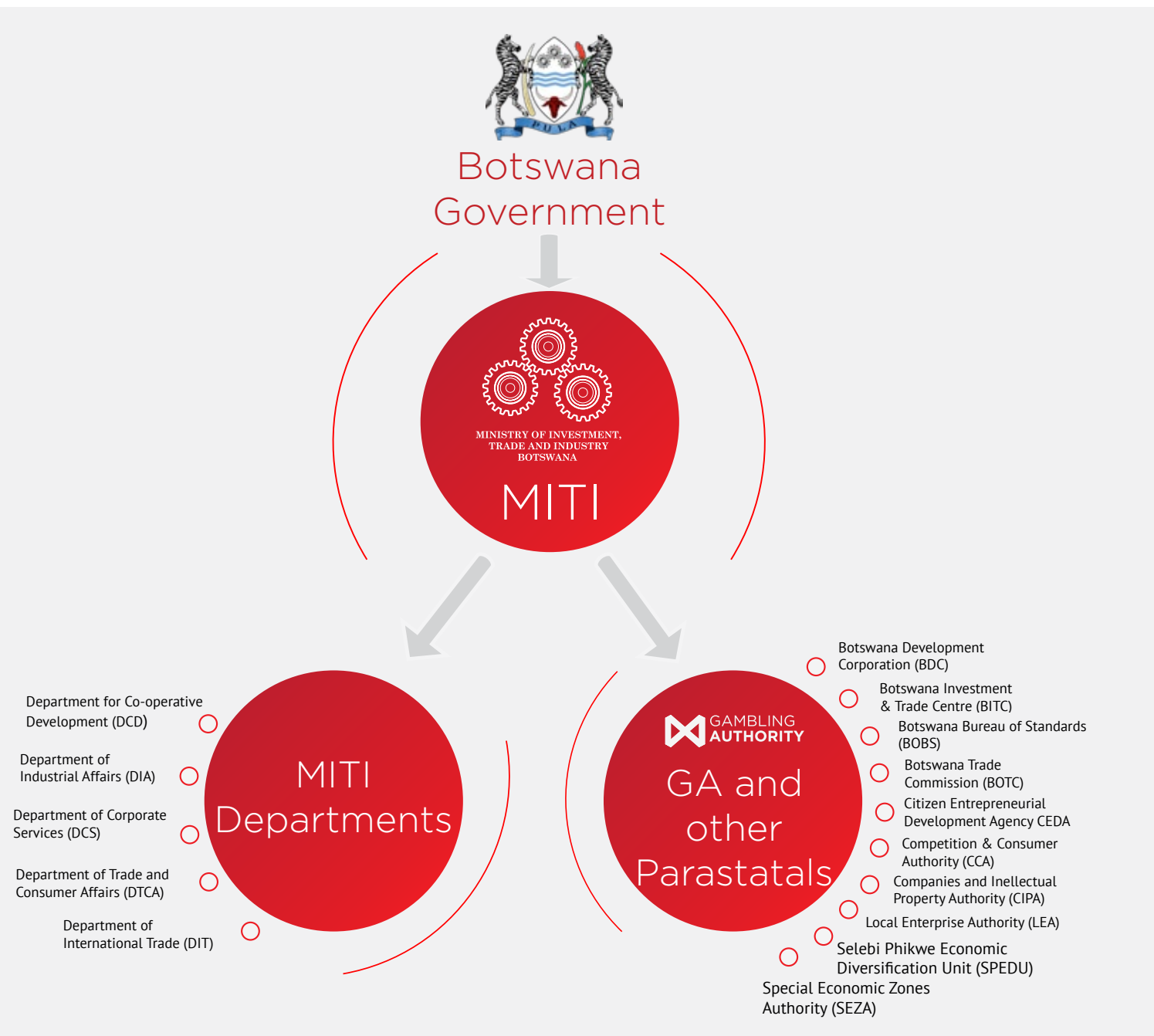
The Ministry's mission reads as follows, "The Ministry of Investment, Trade and Industry Facilitates the Promotion of Investment and Development of Sustainable Industries and Trade". In support of the Ministry's mission, the Authority adopted a mission statement that aims, "To effectively regulate and promote responsible gaming and contribute to the socio-economic development of Botswana".

The Authority shares two of the Ministry's core values of "Professionalism and Integrity," in

addition to the other two values of Commitment and Transparency, whilst MITI has Teamwork and Innovation as the other additional values. This deliberate balance in the strategic positioning of MITI and the Authority, was done to ensure alignment in purpose and to create sustainable value for our stakeholders, out of the capitals we use. The basic relationship between MITI and Gambling Authority is depicted in the diagram below
The Gambling Authority is one amongst 10 other

parastatals in the Ministry of Investment, Trade, and Industry, with complementary mandates. Specifically, the Authority's core mandate is captioned and demonstrated in the pages that follow.

Relationship between MITI and Gambling Authority



Gambling Authority Core Purpose and Organisational Values

Driving our Strategic Objectives

At the core of our business model is a 5-year revised strategy which when transformed into outputs delivers stakeholder value in the short to medium and long-term future of our Organisation and the nation. This strategy is hinged on six (6) key specific and measurable deliverables that have been summarised below and illustrated in the picture that follows.

Our Core Purpose Statement

The strategic intent of Gambling Authority represents a clear statement of what the Authority intends to achieve during the defined strategic period. The strategic intent reflects alignment with the expected contribution of the Authority to the national transformation agenda and intended impact on the diversification of the national economy. The new strategic intent is presented below:

We will contribute to the transformation agenda and economic development of Botswana by diversifying the gaming industry through the development and implementation of a responsive licensing regimen and promotion of responsible gaming by the year 2028

The amended strategic intent focuses on the delivery of an effective regulator regime that enables effective licensing and monitoring of gaming activities, while ensuring the continuous promotion of responsible gambling within a safe environment. It was generally understood that the effective delivery of the Authority's strategic intent can only be achieved by a leadership team that is highly experienced, capable, and committed to organisational excellence. Gambling Authority will therefore focus on the following five (5) strategic themes that are aligned with being a strong gambling regulator while driving the corporation's strategic intent:

- **Organisational Capability** - A clear set of organisational capabilities that will drive the mandate of the Authority have been identified. These include core, secondary, support and governance capabilities that inform the Authority's agenda for competency and technical skills development, process management and technology adoption.
- **Good Corporate Governance** - The Authority will adhere to principles or a code of conduct that governs the organisation's system of rules, practices, and processes by which it will be directed and controlled. These principles will endeavor to balance the interests of Government, management, industry players, consumers, suppliers, financiers, and the community at large.
- **Robust and Responsive Regulatory Framework** - The Authority will develop and implement a cohesive set of regulatory mechanisms and instruments that deliver effective licensing and monitoring of operators, consumers, and other industry participants, while promoting responsible gambling. This will be driven by effective operations and strategy execution.
- **Operational Excellence** - The core and support operations of the Authority will be driven by a set of robust policies, processes, and procedures that are supported by a risk-based approach complemented by the strategic use of technology to drive operational efficiency.
- **Effective Stakeholder Communication and Engagement** - The Authority will promote, inform, and educate consumers (including targeted stakeholders) about its mandate, the concept of gambling, its expected contribution to the national economy, importance of responsible gambling and protection of players as part of its awareness and education campaign.

Our Strategy Journey to date

In February 2015, the Gambling Authority developed a five (5) year Strategic Plan that sought to guide the establishment of the new entity. The Strategic Plan prepared the Authority for the effective development and implementation of regulatory mechanisms that guide compliance within the gambling industry and contribution to the national economy.

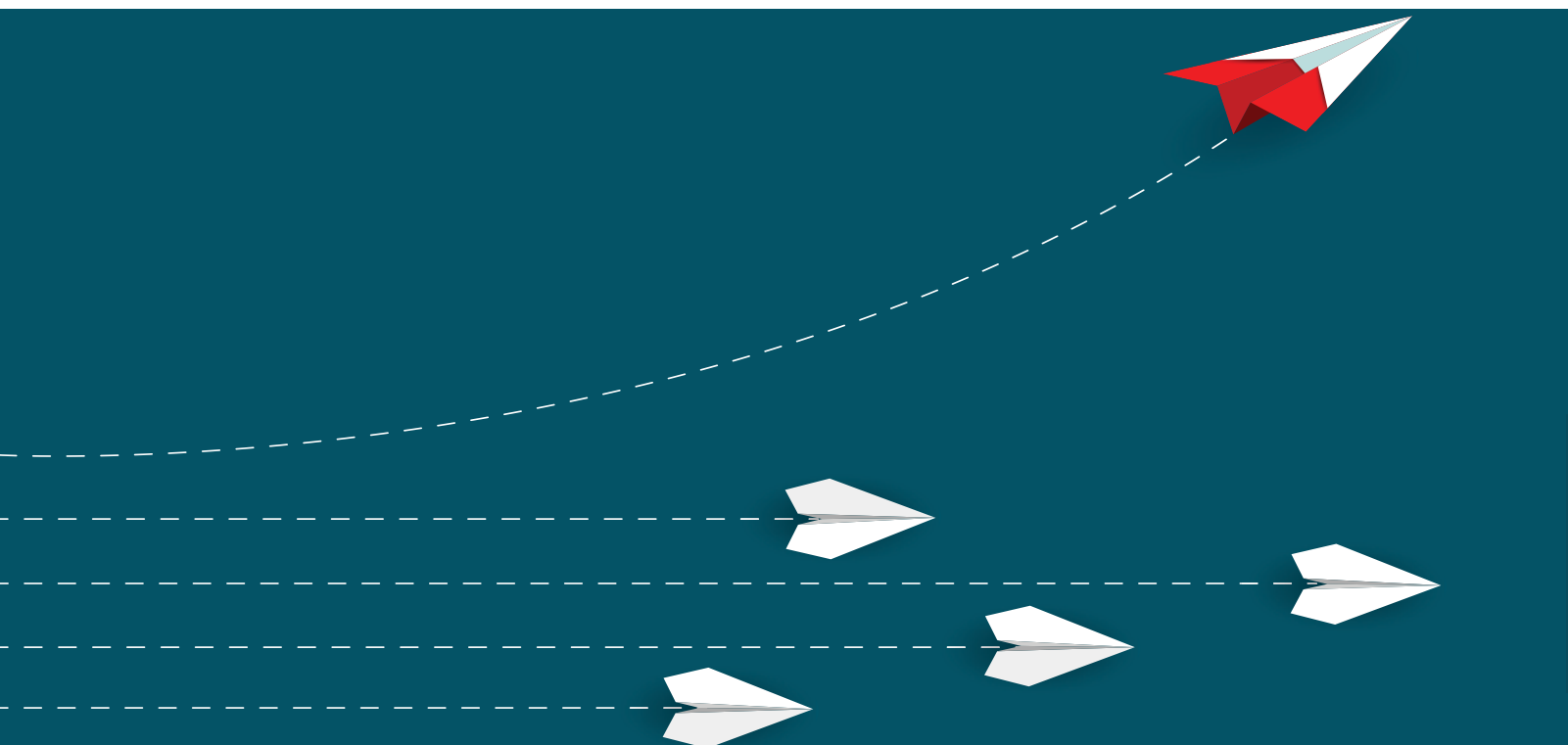
The Strategic Plan has been reviewed annually by the Board since then and in 2019 the Gambling Authority deemed it necessary to review the current strategy, test and adapt it, since most of the foundational elements were in place and some of the strategic initiatives had become operational. In addition, the new national transformation agenda that seeks to move the country from an upper middle income to a high income country and the national drive toward the 4th Industrial Revolution, compelled parastatals such as the Gambling Authority to align their strategic thinking with Vision 2036 and the new national transformation agenda.

It is against this background that a strategic review exercise was undertaken attended by representatives from the National Strategy Office (NSO), the line Ministry, the Authority's Board, and management. The objective of the session was to seek a clear understanding of the Government's transformation agenda (presented by the NSO) and the strategic imperatives of our host Ministry of Investment, Trade

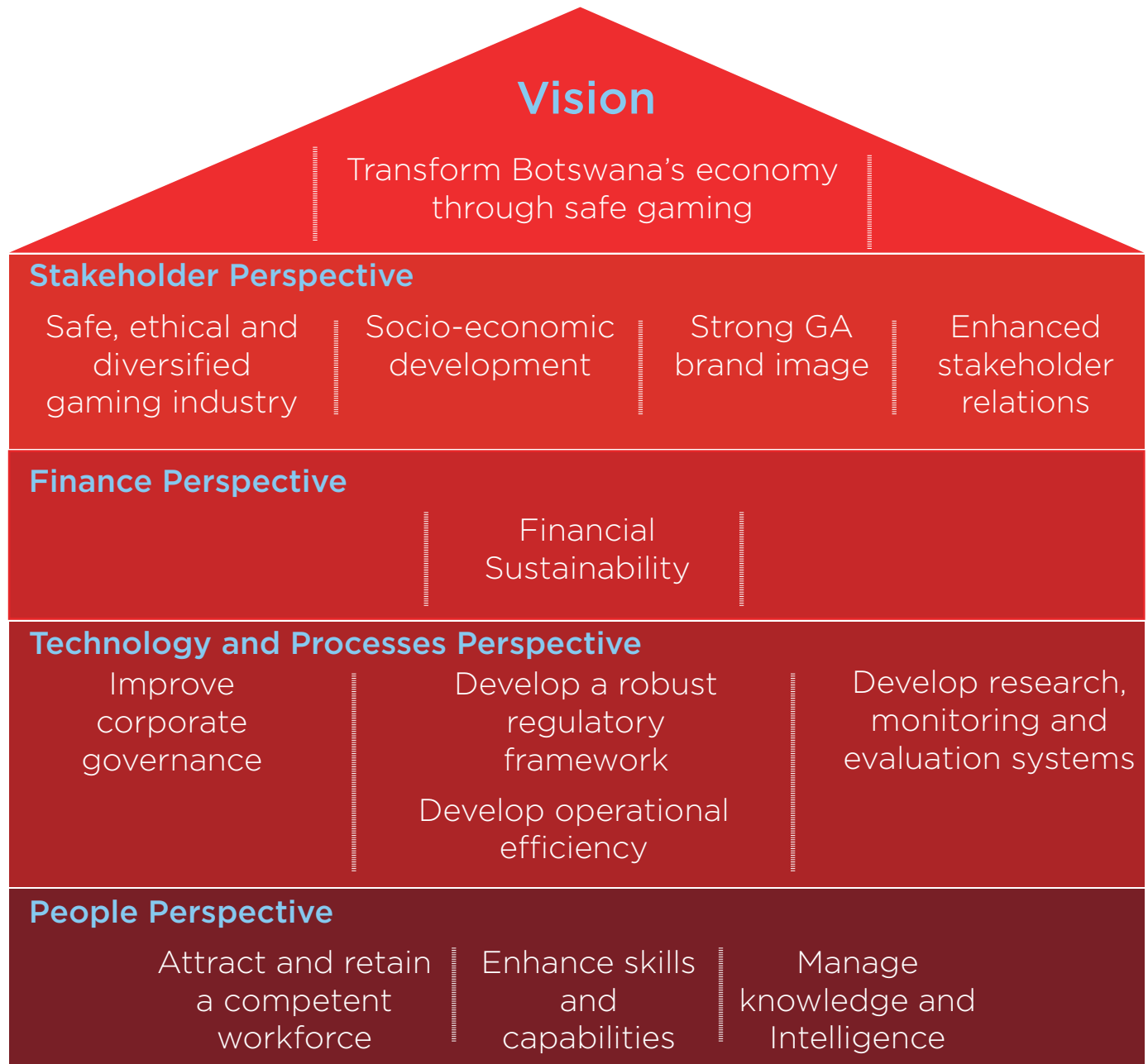
and Industry, especially the Apex Model and the expected contribution of the Authority.

This session enabled members of the Board and management to seek clarity on its role in the transformation agenda and gather the necessary knowledge that would guide the development of an aligned strategic direction for the remaining period of the Strategic plan period 2017-2022. The session provided a firm basis for testing and adapting the strategic direction of the Authority in line with the evolving national transformation agenda.

A subsequent strategic planning session was arranged in Gaborone with the full participation of the executive management team of the Authority with the aim of developing the new corporate strategy in response to the evolving national transformation agenda.



Gambling Authority Strategy Map 2017-2022



Gambling Authority Capitals of the Integrated Reporting Model

In working towards achieving the strategic objectives and reporting on the outcomes, the Authority was partly influenced by the Integrated Reporting (IR) model amongst other standards. To ensure alignment going into the future, the Authority has re-worked the six capitals of the IR model to its own five capitals for relevance and to demonstrate how the organization generates value out of its capitals. The Authority has tracked the following five capitals and we will, as much as possible, demonstrate throughout this report, how we have processed them to derive value for our stakeholders. However, it is worth noting that it has not been smooth to track all these capitals, as the Authority's strategy has not been fully transformed along the IR framework. Furthermore, the strategy team is working on marrying the core elements of our strategy with the capitals as identified.

In this report therefore, we will report on both our capitals as identified below as well as on our strategic objectives derived from our corporate strategy. This is not an easy task for us, but we are confident that we will achieve it.

Transition of the Original IRC Capitals

The Authority has translated the 6 capitals defined by the International Integrated Reporting Council (IIRC) TO 5 capitals and redefine them in line with our mandate.

IIRC & GA Capitals

The six Capitals (IIRC)	The five Gambling Authority redefined capitals
<ul style="list-style-type: none"> Financial Capital Manufactured Capital Intellectual Capital Social and Relationship Capital Natural Capital 	<p>Organisational Capital</p> <ul style="list-style-type: none"> Internal Resources- people, policies, systems, technology, process <p>Stakeholder Relationship Capital</p> <ul style="list-style-type: none"> Stakeholder interest, vision 2036, GOVT (NDP11, MITI) licensees, gamblers, citizens NGO'S <p>Service Delivery Capital</p> <ul style="list-style-type: none"> Solutions/Regulation/Responsible Gaming/the Act <p>Governance and Safety</p> <ul style="list-style-type: none"> Combined assurance Model from NDP and Vision- responsible gaming, FIA Act <p>Financial Capital</p> <ul style="list-style-type: none"> Govt subvention, levies, grants/loans, revenue from industry

Definition of the Adopted Capitals

- Organisational Capital:** These refers to our Internal Resources encompassing people, policies, systems, technology, and processes. It entails our responsibility to our people, our navigation in finances, looking at our financial assets and other assets.
- Stakeholder Relationship Capital:** We have developed a stakeholder relationship action plan, and we are currently involved with stakeholders as identified through our stakeholder mapping matrix. Our stakeholder portfolio is diversified hence characterised by government, licensees, gamblers, citizens, Non-Governmental Organisations (NGOs) and others. We continue to play our role well in line with the demands of Vision 2036 that envision a diversified tourism industry that recognises gaming tourism, amongst others. We are also in constant communication with our parent Ministry, through the Chief Executive Officer's office and other reporting channels. We continue to measure our output on a quarterly basis through our strategy scorecard; and we have secured an online strategy management and monitoring tool to use, going forward. We will assess and measure the real impact in 5 years, at the end of our strategy. Whilst we believe there is room for improvement as far as our stakeholder relationship capital is concerned, we are pleased to note that we have not received any negative feedback from the public or the Government.
- Governance & Safety:** Combined Assurance Model, From NDP & Vision 2036, our Responsible Gaming programme, and Financial Intelligence Act. The Financial Intelligence Act deals with issues of suspicious transactions, financing of terrorism and money-laundering. The Authority is a supervisory authority under the Financial Intelligence Act and therefore has a responsibility of ensuring that the entities it regulates comply with the provisions of this Act. We have a governance model in place and we also have a Responsible Gaming Framework (which is at final stage of drafting) which will give further direction to our responsible gaming efforts.

- **Service Delivery Capital:** (Solutions/Regulation/Responsible Gaming/the Act/Performance) Regulated entities are coming on board in relation to our responsible gaming front. We intend to share more about the impact after the publishing of the results of the baseline research on excessive and problem gaming. The Authority has invested in online systems to ensure that its stakeholders all over Botswana and outside the borders obtain services without having to visit our offices. The Authority has developed processes that are shared with all potential licensees to ensure that they are aware of the expectations of a regulated entity
- **Financial Capital:** These include Government subvention, levies, grants/loans, as well as revenue from the industry.

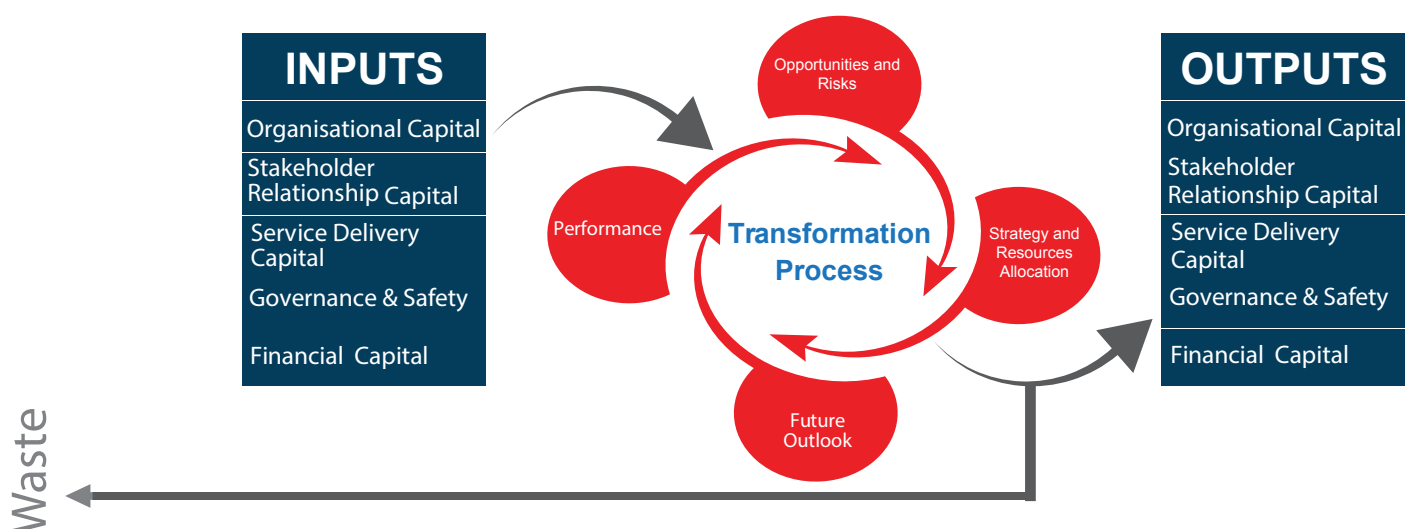
The Authority will in the next financial year review its Strategic Objectives with a view to reduce the number of “objectives” to significant elements such as Financial Sustainability and others and changing others such as IT Systems and HR Skills and Competences to “enablers.” This transformative journey is also made possible by the implementation of our capability model, which demonstrates how we use our resources to create value for our stakeholders.


The capability model is what our stakeholders and the nation see, when we process our capitals through our business model. In other words, our capitals are mostly the intangibles (at least to our stakeholders) of our organisation and our capability model is what they are likely to interact with.

Transforming our Capitals into Outputs and Outcomes

The next chapter is a story of how we transform our inputs (capitals) or stocks of value into outputs and outcomes. Below we share our adopted GA Transformation model, from the Integrated Reporting model’s Octopus Model. This diagram illustrates how we use our capitals (inputs) through our transformation process to deliver value for our stakeholders. We also acknowledge that there are gaps in our processes and systems that deduct value from our organisation. Our aim is to identify all the risks that may have negative impact on our business and turn them into opportunities.

Transforming Capitals into Outputs





OUR BUSINESS MODEL



Business Model Canvas

The Gambling Authority developed a Mission Model Canvas (an adapted Business Model Canvas for mission focused organisations) that highlights how the Authority mobilizes resources, raise a budget to solve a problem, and create value for a set of beneficiaries. This model illustrates our approach in transforming allocated resources (capitals) into services. Our objective remains to find a way to produce services that meet or exceed stakeholder requirements and service specifications and within all other managerial constraints. Our model takes a

long-term view into the future of operating efficiency, quality of service and productivity.

The Authority summarises its business model as indicated in the diagram below. Our business model covers and introduces key partners, key activities, our value proposition, buy-in and support, key resources, deployment and beneficiaries. The totality of the below canvas demonstrates our key activities and processes as well as the beneficiaries of our organisational planning and performance.

Mission Model Canvas

Mission (or problem) Description-To effectively regulate and control the gambling industry, account for revenue from the industry and contribute to the socio-economic development of Botswana							
Key Partners	Key Activities	Value Proposition	Buy-in and Support	Beneficiaries			
	<ul style="list-style-type: none">• Legal advisors• Technical advisors• External auditors• Regulators(local and international)• ICT infrastructure• Providers• ICT service providers• Government• Research institutions• Botswana Police• Services BPS)• Directorate on• Corruption and• Economic Crime• (DCEC)		<ul style="list-style-type: none">• Licencing• Compliance• Research• Fund distribution• Public awareness and training• Stakeholder• Relationship Management• Levy collection• Development of technical standards• Responsible Gambling• Strategy development		<ul style="list-style-type: none">• Contribution to GDP• Revenue• Employment• Fair play• Player protection• Entertainment• Clear and transparent Rules• Elimination of illegal Gambling• Funding• Capacity building• Recreational facilities• Sustainable development of talent• Administrative capability (coaches, referees, administrators, etc) and facilities• Growth of industry (Arts and Culture) to support economic diversification• Youth empowerment• Creation of centres of excellence• Family protection• Minor protection• Skills development• Business continuity	<ul style="list-style-type: none">• Gambling Authority Board• Ministry of Investment Trade and Industry• Ministry of Finance and Economic Development• Ministry of Youth Empowerment, Sports and Culture• Ministry of Nationality, Immigration and Gender Affairs• Parliament• His Excellency, The President• Cabinet• Attorney General• Land Boards• Botswana Police Services• Directorate of Intelligence Services• Financial Intelligence Agency• Councils• Village Development Committees• Awarding Committees• Non Governmental Organisations• Foreign Investors• Business community• Industry suppliers• Advisors• Operators• Players• Youth• IAGRA• CIPA• Botswana Unified Revenue Services	<ul style="list-style-type: none">• Government• Consumers (Players/ Punters)• Operators• Industry suppliers• Charities• Sports Federation• Arts and Culture Associations• Youth Organisations• Councils• Primary and Secondary Schools• Tourism Organisations• Non-Governmental Organisations
	Key Resources		Deployment				
<ul style="list-style-type: none">• Competencies• Funding• Facilities• IT Infrastructure	<ul style="list-style-type: none">• Regional Offices• Targeted communication<ul style="list-style-type: none">› Media, Outreach Programmes› Publications• Digital Monitoring channels• Pitsos and Kgotla meetings						
Mission Achievement (or "fulfilment "or "impact " Factors or criteria							
<ul style="list-style-type: none">• Economic Impact• Social Impact• Safe and Fair Gaming Environment• Industry diversification (Tourism and Gamblin environment)• Wealth creation (citizenship economic empowerment and number of millionaires			<ul style="list-style-type: none">• Strong Brand Image• international Recognition				

Our Capability Model

The Authority's capability model (illustrated below), indicates advocacy, public awareness and education, licensing, supervision, enforcement and funds collection and disbursements as primary capabilities that will enable the Authority to strengthen regulation and control of the gambling industry. These are and should be supported by efficient systems management, effective stakeholder management, robust risk management, and informed decision support.

In addition, an enabling corporate governance framework as well as a favourable legislative and policy environment enhances the effectiveness of the Authority. These capabilities have been developed within the Authority to drive effective industry regulation, supervision while also promoting responsible gambling.

GA Capability Model

Mandate	Primary	Secondary
To Regulate and control the development of gambling establishments	Awareness and Education	Systems Management
	Licensing	Stakeholder Management
	Supervision	Process Management
	Enforcement	Decision Support
	Funds Disbursements	Research and Innovation
Support Governance		
<div> <div>Strategy</div> <div>Risk Management</div> <div>Internal Audit</div> <div>Policies and Procedures</div> <div>Performance Management</div> </div>		
<div> <div>Human Resource Management</div> <div>Financial Resource Management</div> <div>Information Technology</div> <div>Knowledge Management</div> </div>		



Corporate Governance



Corporate Governance

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

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

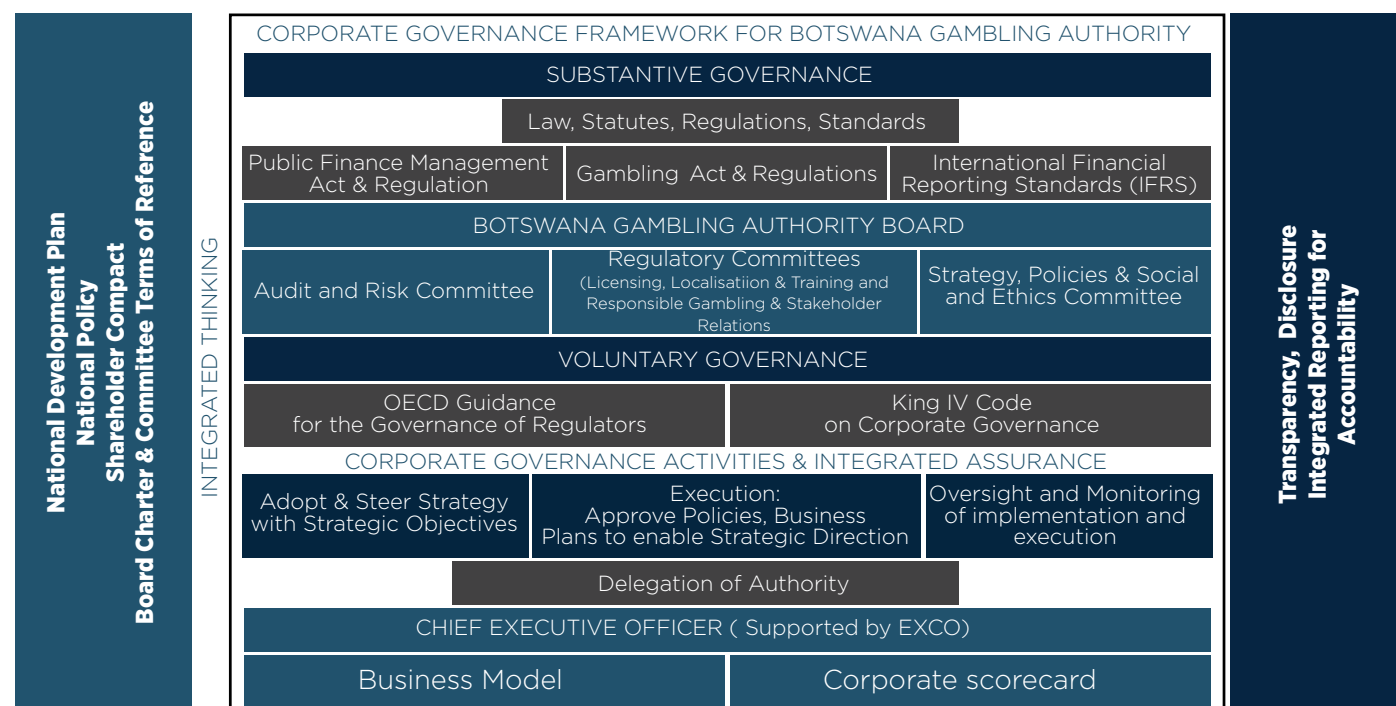
Statutes – Compulsory – Such as primarily the Gambling Act and other statutes in support.

Guiding Principles – Voluntary – These include primarily the King Code as adopted by PEEPA and BAOA for SOEs.

To complement these guidelines, Gambling Authority has added the OECD principles for State Owned Enterprises to which the nation of Botswana has signed up through international treaties.

Governance Guidelines

The following is the hierarchy of Governance guidelines adopted by the Gambling Authority:



© Adapted from “The Governance Framework”, Peter Goss (Pty.) Ltd.

OECD Guidelines

These are very similar to King IV but are more specific to State Owned Enterprises in general and Regulators in particular. This is therefore not an abandonment of King IV but an enhancement thereof. These, which are very much in line with integrated thinking, can be summarised as follows:

- **Role Clarity** – Gambling Act, and Shareholder Compact, Board Charter and Delegation of Functions all towards licensing/regulation of gaming (Raison d'être for the Gambling Authority).
- **Preventing undue influence and maintaining trust** – Board Independence and Declaration of Conflicts of Interest
- **Decision making and governing body structure for independent regulators** – Board Charter and Committee TORs and Delegation Matrix
- **Accountability and transparency** – Integrated Reporting
- **Engagement** – Stakeholder Management
- **Funding** – Financial Sustainability
- **Performance evaluation** – Scorecard, Financial Statements etc.

It should be noted that the above are aligned with the current Gambling Authority strategy Map save for Skills Development, Performance Management and Information and Technology systems, which are considered facilitators across all main strategic objectives.

To complete the integrated governance framework, we also have the following instruments: -

Board Charter – Read in conjunction with the Shareholder Compact which currently has little force in the State-Owned Enterprises (SOE) Community and requires review with the Shareholder.

Board Committee Terms of Reference – These are currently under review for completion by the end of 2020-2021 financial year.

Review of Board and Board Committees Responsibilities, Structures and Terms of Reference

The Gambling Authority Board (the Board) commissioned a review of All Committees to align their functions with best practice in Corporate Governance.

The motivation for this request was not just to align with best practice in corporate governance but also to review the numbers of committees and the membership thereof as well as to allow for skills and competences to be sourced from outside the Board.

Following the end of the year under review a proposal was made to the Board to replace the current six committees with the following:

- Audit and Risk (Financial Capital and Organisational Capital, Governance and Safety Capital)
- Regulatory (Service Delivery Capital and Stakeholder Relations Capital – incorporating committees required by the Act)
- Strategy, Policies, Ethics and Social (Organisational Capital and Stakeholder Capital)

The new Committees will also incorporate the statutory committees addressing Responsible Gambling and Training and Localisation in the Industry.

Organisation Structure

The Authority is in the process of improving its organisational structure to deliver its mandate within the proposed integrated governance framework. The proposed Board-approved structure has been submitted to the Ministry of Investment Trade and Industry for approval by the Government.

Review of Delegation of Authority

The Authority is currently reviewing its delegation of authority matrix to align it with the integrated governance framework and to clearly define the roles of the Board (Strategic and Oversight) and Management (Operational).

The Governing Body (As Per Principle 7 of King IV)

Principle 7 of King IV, states that, “The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence”

The Board comprises the 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.

Just under half of the Board members (4 out of 9) are independent of the Shareholder, the State.

The Gambling Authority Act sets out Board membership requirements. Board members are appointed through a formal process by the Honourable Minister at the Ministry of Investment Trade and Industry (MITI). 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.

Five members of the Board, including the founding Chairperson as well as the Deputy Chairperson were replaced during the year under review. These included two members who were completing their first terms of office and who were reappointed.

The Board has the authority to and did appoint new Committee Members from within the Board and four (4) from outside the Board (where certain competencies and experience were required in addition to those existing in the Board).

All the above is in line with Principle 7 of King IV that requires the accounting authority to comprise an appropriate balance ... “to discharge its governance role and responsibilities objectively and effectively.”

Board Annual Plan

The Board achieved most of its annual plans for the year and the main achievements included (but were not limited to):

- Award and transfers of casino licences
- Induction and re-induction workshops highlighting the Gambling Act in preparation for the review of the Act and the subsequent recommendations of amendments to the

Ministry of Investment, Trade and Industry (MITI)

- The approval of a new organisation structure and a recommendation to the Ministry of Investment Trade and Industry.
- Training on governance and more significantly a more detailed review of the contents of the National Lottery Request for Applications (RFA) and exposure to the international gaming world, through visits to international gaming expos and conferences. All this was in order to prepare the Board for the adjudication of applications for major licences such as the first ever Botswana national lottery licence.

A few elements of the plan were carried over to the next year such as the succession planning for the organisation and the governance framework review. It should be noted that there are decisions that the Board makes that require further approval by MITI and these will be followed up in the next financial year.

Board Performance and Effectiveness (NB. For 2018-2019 Financial year but assessed in 2019-2020 Financial year) (As per Principle 9 of the King IV)

The Gambling Authority Board has, for the third time, engaged in a Board evaluation process. This process was developed internally and is a self-evaluation process and not a 360-degree approach i.e. with external and third-party assessments and facilitation.

The King IV Code suggest that such detailed approach be carried out every three years with self-evaluation taking place in between as we have done in this case. Below is a summary of responses The Scoring ranges from 1(Poor/Low) to 3 (Average) to 5 (Very Good/High) Most responses above 4 have not been considered as they indicate a satisfactory Board performance.

Board Activity Average (Total) was 4 - Conclusion Very Good...But concern was raised about timeliness of Board documents. Action was required to improve deadlines within Management to produce Board documents timeously.

Board Membership Average (Total) was 3 - Conclusion Poor performance. The main concern was raised that Board members do not evaluate each other's performance. Action to be taken was that the 2019-2020 evaluation will include assessment

of each Board Member by the Chairperson and an assessment of the Chairperson by each Board member as well as Board Members assessing each other. (Main Board Only and not Committees for this year as Committees will change in near future).

Overall Conclusions Of 2018/19 Evaluation

There was improvement from the 2017-2018 evaluation with the exception of the items noted above.

Board Training

The Board training was concentrated on preparing the Board for its national lottery licensing adjudication responsibilities.

Board members travelled to international conferences and exhibitions to familiarise themselves with the global industry as well as new gaming technologies.

Board members were also taken in detail through the national lottery Request for Applications (RFA) document to fine-tune their understanding of requirements of the national lottery RFA. They were also taken through the evaluation and scoring methodology by the Transaction Advisor appointed by the Board to carry out the detailed evaluation of licence applications on its behalf.

The Board and Management training and development towards certified director status was not active as priority was given to the training above.

Board Annual Plan - Achievements Against Plan and Attendance

The Board attendance reflects a very active year for the Board. This is also in line with Principle 6 of King IV which states that... "The governing body (Board) should serve as the focal point and custodian of corporate governance in the organisation."

In addition to the 4 scheduled meetings) for the year, each preceded by a Chairperson's pre-briefing/preparatory meeting (in line with good governance guidelines), there were:

Five (5) meetings related to once-off licensing activities including three (3) licensing Public Hearings. A new casino licence was issued (Gaborone CBD), one licence transferred to a new owner (Lobatse), and one licence transferred from the Gaborone Bus Station to Gaborone's Airport Junction Mall.

Six (6) induction and training meetings/workshops were held. These are a once off activity and they addressed, inter alia:

- Preparations for the revision of the Gambling Act which have resulted in the approval, by the Board, of the proposed amendments to the Gambling Act. These have now been submitted to Government through the host Ministry of Investment Trade and Industry.
- The review of the National Lottery licensing process's approved Request for Applications document (RFA), in preparation for the adjudication of the National Lottery licence applications. This was completed in June 2020 following the year under review, with the selection of a preferred and a reserve applicant.
- The finalisation of the proposed new organisation structure for the organisation, to enable the continued delivery of its expanded mandate. This addresses the expected introduction, inter alia, of the National Lottery and the National Lottery Development Fund as well as to accommodate future global and national developments in the gaming space.

Eleven (11) Special Board meetings dealing, inter alia, with:

- The renewal of the CEOs Contract during the year under review.
- Strategic reviews, particularly the alignment of strategy with vision 2036 and MITI objectives.
- The adoption of Integrated Thinking and Integrated Reporting as well as OECD governance guidelines for State Owned Enterprises and Regulators. This was to enhance the King IV principles adopted previously.
- The proposed restructuring of Board Committees and reduction in number of committees from six (6) to three whilst enhancing the Board's oversight role as opposed to operational involvement.
- The changeover, from the retiring, to the new Board Chairperson appointed by the Minister, as well as the appointment of a new Vice Chairperson by the Board

Board Meeting Attendance

Board attendance and remuneration in line with guidelines for similar parastatals was as per the schedule below and shows attendance and remuneration associated with the Board's activities, performance and achievements reported above.

It should be noted that the remuneration of the Board members is paid daily for multi-day Board meetings such as those that were dealing with strategic reviews or the review of Organisation structure, as well as induction and training over a number of days to prepare for the adjudication of the applications for the first ever national lottery licence.

Board Meeting Attendance

Board Member Name	Meetings Attended	Remarks
Thabiso Tafila	3/3	Retired 31 May 2019
Blessed S. Monyatsi	11/12	Appointed Chairperson 01 June 2019
Boikanyo Mathipa	1/3	Retired 31 May 2019
Neo Mothobi	2/3	Retired 31 May 2019
Arabang Kanego	10/12	Continuing Second Term of office
Olebile Machete	11/12	In First Term of office
Mmakome F. Masendu	11/12	Continuing Second Term of office
Itumeleng Mareko	8/12	Appointed 01 June 2019
Eunice N. Mmono	7/12	Appointed 01 June 2019
Marvin T. Torto	3/3	Appointed 01 December 2019

Board Membership

Board and Non-Board Committee Members' Allowances (Board Meetings)	Pula
Thabiso Tafila	20,250.00
Blessed Monyatsi	65,700.00
Boikanyo Mathipa	9,000.00
Neo Mothobi	9,000.00
Arabang Kanego	37,800.00
Olebile Machete	51,750.00
Mmakome Masendu	43,200.00
Boitumelo Vavani	7,200.00
Colleen Blumton	7,200.00
Itumeleng Mareko	34,200.00
Eunice N. Mmono	28,800.00
Setlhalefi Motshegwa	9,000.00
Kgomotso Jongman	5,400.00
Marvin T. Torto	10,800.00
Total Allowances Paid	339,300.00

Board Governance was allocated a total of P 1 228 409 financial capital (Budget) for the year, to achieve the planned objectives above and expenditure was on budget (maintained financial capital) and added value by using internal resources to train and induct Board members, instead of excessive external facilitation and trainers.



Board Appointment

NAME	POSITION	APPOINTMENT DATE	REAPPOINT DATE	END DATE
B. S. MONYATSI (Mr)	Chairperson	01/06/2016	(01/06/2019)	31/05/2022
O. MACHETE (Mr)	Vice Chairperson	01/11/2017		31/10/2020
T. W. JOHNSON (Mr)	Chief Executive Officer	01/06/2014	(01/06/2019)	31/05/2022
R. BONTSI (Ms)	Member	01/09/2018		31/10/2020
A. KANEGO (Ms)	Member	01/06/2016	(01/06/2019)	31/05/2022
I. MAREKO (Ms)	Member	01/06/2019		31/05/2022
M F. MASENDU (Ms)	Member	01/05/2017	(01/03/2020)	28/02/2023
E. N. MMONO (Ms)	Member	01/06/2019		31/05/2022
M. T. TORTO (Mr)	Member	01/12/2019		30/11/2022
J. M. Matome (Mr)	Board Secretary			

Governance – Board Secretary's Role

The Secretary continued to provide administrative support and Governance advice and guidance to both the Chairperson and the Board as well as Management. In addition, the Board secretary was tasked with the implementation of integrated governance framework for the delivery of the Authority's mandate.

Committees of the Board (As Per Principle 8 of King IV)

The Board has, partly as required by the Act and in line with Principle 8 of the King IV guideline, established several committees... "to assist it to discharge its governance role and responsibilities".

The Board Tender Committee was established during the year as indicated in the last annual report.

A review and restructuring of these committees commenced during the year under review. The intention is to align with current and future global governance standards and the governance requirements of an ever-evolving Gambling Authority.

Training and Localisation (T & L) 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 to assist the Board in its responsibilities to ensure the empowerment of Citizen employees with the requisite skills to localise expatriates held positions in the gambling industry.
- Ensure the employment of early intervention strategies and training of staff within licenced entities/operators.

The T and L Committee has had to review its reason for being, particularly since the Department of labour is also seized with issues of localisation and training throughout the country.

The Gambling Authority has been reviewing its role in the field of training and localisation and recognised that, whilst it has a role, that role is to ensure that the staff of the licensees (particularly expatriates) are properly qualified and have the integrity to operate gaming in the country and that there are plans in place and being implemented to localise expatriate held positions. As such the Authority needs to work together with, rather than in competition with, the Department of Labour. The Committee has thus been involved with the proposals to amend the Gambling Act in this regard

Training and Localisation (T&L) Committee

Attendance towards the achievements above and below.
Committee remunerations were as per the table

TRAINING AND LOCALISATION COMMITTEE				
Financial year 2019-2020				
Member Name	O Machete	S Motshegwa	I Mareko	R Bontsi
Meetings Attended	4/4	1/4	2/4	3/4

Ms Mareko was appointed to the Committee on 28th June 2019. Mr Motshegwa attended 1 meeting by invitation.

Human Resources (HR) Committee

The purpose of the Human Resources 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.

The HR Committee's main achievement in the year under review was the approval of the new Gambling Authority organisation structure approved by the

Board and submitted to Government. The Committee looks forward to completing work on succession planning and the refinement of the performance management system, in the next financial year.

Human Resources Committee Meetings Attendance

Attendance towards the achievements above and Committee remunerations were as per the table below.

HUMAN RESOURCES COMMITTEE					
Financial year 2019-2020					
Member Name	O Machete	S Motshegwa	E N Mmono	M T Torto	R Bontsi
Meetings Attended	6/6	1/6	2/6	2/6	4/6

Ms Mmono was appointed to the Committee on 28th June 2019/Mr Torto was appointed on 25th January 2020. Mr Motshegwa attended 1 meeting by invitation.

Licensing and Compliance (L&C) Committee

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 sent directly to the Board for consideration.

Ensure compliance with the law in general and with licence conditions, as well as ensuring that operations and equipment standards equate to global industry standards and best practice.

Licensing and Compliance Committee Meetings Attendance

Attendance towards the achievements above and Committee's remuneration were as per the table below.

LICENSING AND COMPLIANCE COMMITTEE							
Financial year 2019-2020							
Member Name	A Kanego	M F. Masendu	B S Monyatsi	I Mareko	E N Mmono	M T Torto	R Bontsi
Meetings Attended	2/4	4/4	1/4	2/4	2/4	1/4	2/4

Ms Mmono and Ms Mareko were appointed to the Committee on 28th June 2019. Mr Torto was appointed on 25th January 2020/Mr Monyatsi attended 1 meeting at the end of his term as a member after appointment to Chair the Board, making him ineligible for membership of Board Committees.

Excessive Gambling Prevention and Rehabilitation (EGP&R) Committee

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.

A full report as required by Section 113 of the Gambling Act, and approved by the committee, is at page 70 of this report

The committee has made great strides in preparing

a draft responsible gaming framework drafted by a task team consisting of members of the Committee. The Task Team worked diligently in special sittings of the Committee, saving the organisation significant costs normally associated with Consultants.

Excessive Gambling Prevention and Rehabilitation Committee Meetings Attendance

Attendance towards the achievements above and Committee's remuneration were as per the table below.

EXCESSIVE GAMBLING PREVENTION AND REHABILITATION COMMITTEE						
Financial year 2019-2020						
Member Name	B S Monyatsi	B Vavani	M Masendu	K Jongman	E N Mmono	T W Johnson
Meetings Attended	1/6	7/7	6/6	6/7	4/6	6/7

Ms Mmono was appointed to the Committee on 28th June 2019. Ms Vavani, Mr Jongman and Mr Johnson attended an extra meeting due to special projects. Mr Monyatsi ceased membership of committees on becoming chairperson

Risk, Finance and Audit (RF&A) Committee

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,
- Ensure that the Authority maintains effective risk management and internal controls systems.

The Committee carried out its key annual functions

of reviewing the internal and external audit plans and reports and the review of the Audited Annual Financial Statement and the Audit Closeout Report for approval and noting by the Board, respectively.

Risk, Finance and Audit Committee Meetings Attendance

Attendance towards the achievements above and Committee remuneration were as per the table below.

RISK, FINANCE AND AUDIT COMMITTEE				
Financial year 2019-2020				
Member Name	C Blumton	I Mareko	S Motshegwa	O Machete
Meetings Attended	4/6	4/6	6/6	6/6

Board Tender Committee

The purpose of the Board Tender Committee is to oversee and monitor the policies, processes and procedures as well as the Gambling Authority's procurement.

Board Tender Committee Meetings Attendance

Attendance towards the achievements above and Committee's remuneration were as per the table below.

BOARD TENDER COMMITTEE					
Financial year 2019-2020					
Member Name	A Kanego	I Mareko	O Machete	M T Torto	R Bontsi
Meetings Attended	3/4	4/4	4/4	1/4	2/4

Mr Torto was appointed on 25th January 2020.

King IV Compliance

King IV Compliance Measurement Tool devised in the previous year was overtaken by events as the Authority had now adopted the integrated governance framework and the integrated reporting philosophy.

King IV remained the primary voluntary governance standard but was enhanced by OECD principles as well as integrated thinking and integrated reporting.

Charters (Terms of Reference) were also drafted for key activities in the licensing process to establish the ground rules and processes for fair and transparent consideration of and decisions on applications submitted.

The following are two of the Charters drafted or approved and signed off during the year under review. It is intended that such charters would be draft for other licensing processes.

Bid Evaluation Charter (BEC)

The Bid Evaluation Charter signed between the Authority and the Transaction Advisors was fully

implemented during the year under review with the commencement of the national lottery licence applications evaluation.

The purpose of the Charter was to ensure good governance during the process as well as to ensure integrity, consistency, and transparency in the process. This was so that the Board, when adjudicating and awarding, would be confident of the work done and the scoring reported by the evaluators.

Bid Adjudication Charter (BAC)

The Bid Adjudication Charter was approved by the Board during the year under review. This was also to ensure good governance during the process as well as to ensure integrity, consistency, and transparency in the process. The Charter dealt with matters such as conflicts of interest and the management of declarations; secrecy and confidentiality and decision making during the adjudication process to be carried out by the Board.



Risks, Opportunities and Combined Assurance

Our Approach to Managing Risk and Opportunities

Integrated Risk Management and Combined Assurance

The Authority has adopted an integrated risk management and combined assurance approach which leverages on the combined efforts from different assurance providers such as Risk Management, External Auditors, Internal Auditors and other specialist experts. The concerted efforts from the varied pool of expertise assist with implementation of a coordinated approach to identifying, quantifying and developing of appropriate mitigation strategies that will reduce risk exposure to tolerable levels.

The Authority maintains a corporate risk register which is considered by the Board quarterly. The

Board is satisfied with continued efforts designed to mitigate identified risks. The aggregate efforts from our combined assurance model have continued to equip both management and Board with the requisite assurance and insight for informed decision making. These efforts have had a positive impact on the Governance and Safety Capital.

The following are the top risks for 2019/20 reporting period. The risks are linked to four of our strategic objectives and their impact on our capitals has been measured and classified as Amber (medium impact). We deployed mitigating measures to progress unimpeded business continuity.

Top Risks 2019/20

Risk	Strategic Objective Impacted	Capital impacted
1. Inadequate resources for financial sustainability	Drive financial sustainability	FC HC SDC
2. Failure to issue New Approved Licenses	Create a diversified Gambling Industry	SDC
3. Misaligned Responsible Gambling Programme	Develop a Robust Policy and Regulatory Framework	G&SC
4. Deficient Information Technology Strategic Planning	Leverage on Technology	SDC OC
5. Inadequate Funding to Support Organisational Realignment	Attract and Retain a Competent Workforce	SDC OC

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WHISTLE BLOWER
ALERT!

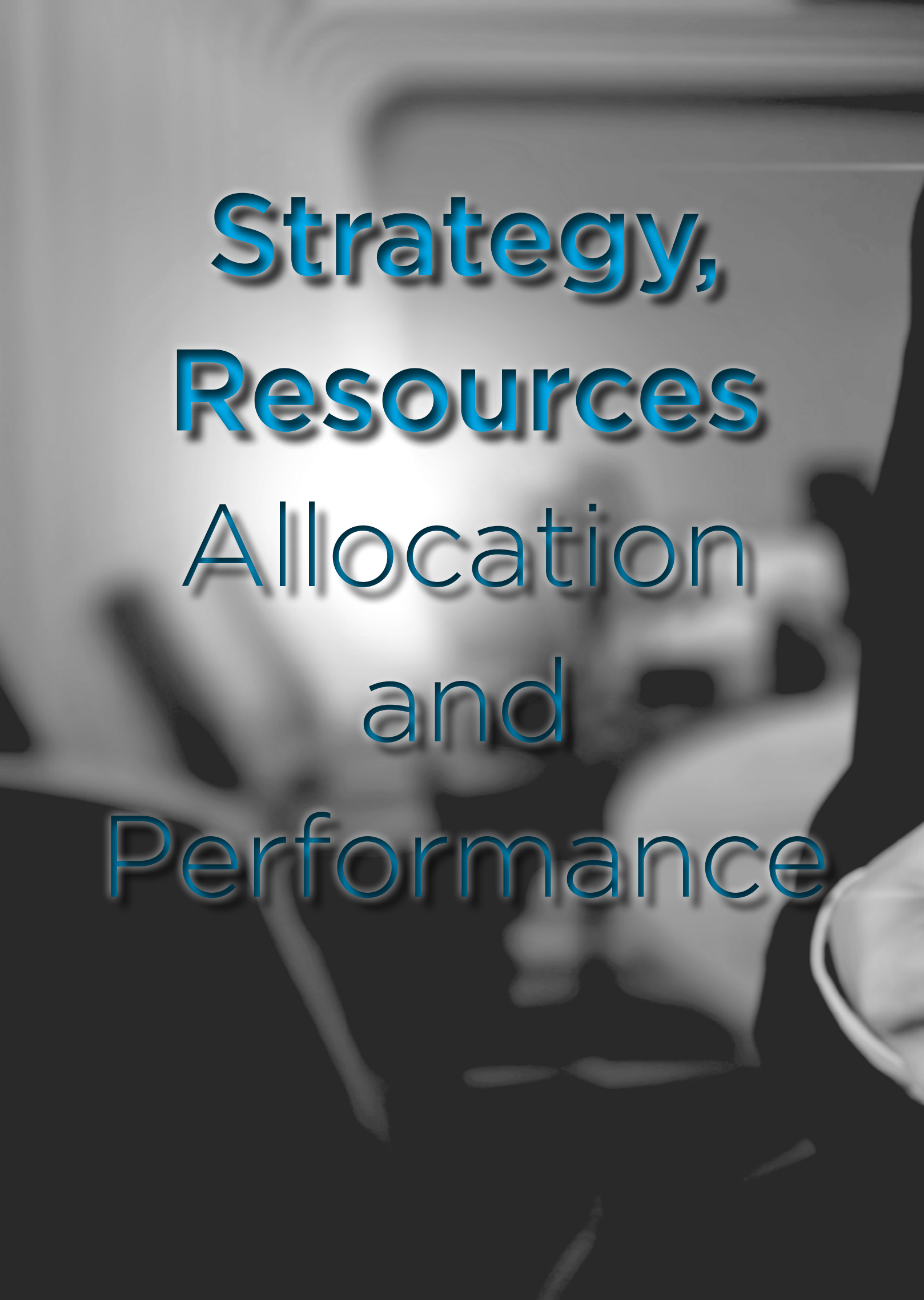


Toll Free:

Orange-1144
Mascom-71 119 603
Btc-0800 600 644

TIP-OFFS ANONYMOUS

Report any acts of corruption, bribery, fraud, abuse of property and equipment, unethical conduct, theft (including theft of time).



Strategy, Resources Allocation and Performance



ONLINE:USER A

08:54:30

VOICE FEED:NETWORK:12.38.73

Profits:

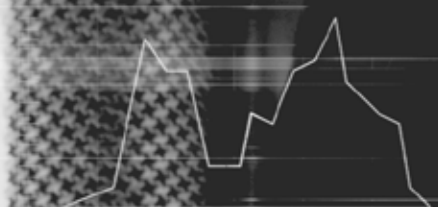


ANALYTICS DASHBOARD

Evolution:



Actual vs Target



people



SECURITY



PROJECT



ADDRESS



ADDRESS

Market



Data Availability

API Product

FRONT - IP:143.453.00

00:43:55

Customers Satisfaction

TIME-DAY:00:38:29

Strategy, Resources Allocation and Deployment of Capitals

Strategic Performance

The Authority adopted a 5-year Strategic Plan, commencing in 2017 and ending in 2022. We are in our fourth year of the strategy and we have been able to use most of our capitals efficiently and effectively. Below is an update on how the Authority has performed against our strategy during the year under review.

Licensing a Diversified Gambling Industry

During the year under review the Authority made significant strides that advanced the strategic objectives under licensing and monitoring and compliance functions as espoused in the Gambling Act, 2012.

In line with one of its strategic initiatives of “Amend Gambling Act to support the business case model,” the Authority initiated the review of the Gambling Act as it has some gaps and inadequacies, most of which were identified during implementation. These gaps were found to be impeding the Authority’s ability to regulate the gambling industry fully and effectively. It is therefore imperative to amend the Act to allow the Authority to fully execute its mandate. The exercise was ongoing at the time of compiling this report.

The Authority is at the time of writing this report awaiting the finalisation of the Promotional Competition Regulations which will be used to regulate promotional competitions conducted by entities such as retailers and other business operations.

Financial Sustainability

The Authority has continued to strive towards financial sustainability by strengthening its capacity and ability in collection of fees and the verification of levies paid by licensees. The licensing fees are stated

as income for the Authority. The Authority ensures that annual fees are collected and ensures that new licenses are processed efficiently. The Authority collects levies, and an integral part of the process is the verification stage. The levies are verified every month upon payment. Our external auditors do the final verification of the levy payments at the end of the financial year.

Create a Diversified Gaming Industry

In line with the strategic objective, to ‘create a diversified gaming industry’, the Authority presided over the licensing of a new casino at Masa centre, in the Gaborone CBD and the transfer of the Moonlite Casino licence from the Gaborone Bus Rank to Airport Junction, and the Kings Casino licence to new owners, during the year under review.

These are significant moves towards a diversified gaming industry. At the end of the financial year the Authority was on the verge of announcing the Preferred and Reserve Applicants to operate Botswana’s first National Lottery. The announcement was delayed due to the outbreak of the Covid - 19 pandemic.

Anti-money laundering and Counter Terrorism Finance (AML/CTF/CPF)

During the course of the past financial year the Authority was engaged in the supervision of the industry in connection with Anti Money Laundering and Counter Terrorism Finance. Botswana was placed under supervision by the ICRG and had immediate outcomes that it had to achieve before a review.

The project involved risk assessments, trainings, and inspections. These initiatives were an opportunity to engage with our stakeholders and enhance the skills and capabilities of both our staff and those

of our licensees. During the year 2019 – 20 the Authority undertook training on AML and enrolled key employees for courses that would see its compliance team being certified as Anti- Money Laundering Specialists. As the industry is constantly changing, the Authority also sought opportunities for its members to interact with thought leaders in the industry at conferences and expos. This ensures that the department is aware of developments that could affect our regulatory environment.

The Authority is making strides to be a regulator of choice. Our hope is that as the industry grows with new license types and increased revenues in the market there will be more opportunities to contribute to the strategic goals and organisational capitals.

The Authority has entered into MoUs with different gambling regulators such as the North West Gambling Board, Malawi Gaming Board, and National Lotteries Commission of South Africa and Botswana Innovation Hub.

The objectives of these MoU's include:

- Providing a broad basis framework for the collaboration and cooperation for gambling regulation and gambling matters in general.
- Providing a platform for dialogue and information exchange, training, and development between parties; and
- Aiding in the promotion, strengthening and implementation of cooperation activities in areas of mutual interest.

Responsible Gambling

The Authority has sustained its campaign against problem gambling using a diversity of tactics. These have been sub-divided into two broad categories, public education and psycho-social support, as dictated for by the Gambling Act, 2012. The Excessive Gambling Prevention and Rehabilitation Committee Report, which is an addendum to this report, details the approach and achievements, challenges, and successes of our campaign during the year under review.

Strategic Achievement, Challenges and Future Outlook

The scorecard below was adopted before the Authority embraced the integrated reporting model hence there is a mismatch to some extent in the objectives and the recently adopted capitals of the Authority's Integrated Reporting model. In the below report, Column A sets out our strategic objectives, column B introduces the capital inputs used in achieving our objectives, column C details the strategic initiatives put in place to achieve the objectives, and the last column is a report on our output, future outlook and challenges.

Licensing a diversified gaming industry entails deliberate and sustained stakeholders engagement



Gambling Authority Scorecard

Strategic Objective	Capital Input	Strategic Initiative	Output and future Plans
Drive financial Sustainability	Organisational Capital Service Delivery Capital Financial Capital	Develop a business case to be presented to Government for financial sustainability	The business case is dependent upon the amendments of the Gambling Act as it is funds collected from the industry that are paid directly into the Government consolidated fund; and the Authority is expected to make subvention request to Government.
Create a diversified Gaming industry	Service Delivery Capital Organisational Capital	Amend the Gambling Act to support the business case model.	The proposed amendments to the Gambling Act have been finalised and submitted to MITI for onward transmission to the Attorney General's Chambers for commencement of the drafting process
		Issue Lottery, bingo and horse/ sports betting licenses as well as Casino Licenses.	The Authority issued 1 new casino license for Gaborone Approved 2 casino licenses transfers in Gaborone and in Lobatse Covid-19 has affected the roll-out of the programme Following the end of the year under review, the selection and announcement of the Preferred and Reserve Bidders for the National Lottery Licence done and negotiations are planned to commence in the 2020/2021 financial year.
Engage Stakeholders	Stakeholders Relationship Capital Service Delivery Capital	Develop and execute Stakeholder Engagement Plan.	The Authority has covered over 65% of its Stakeholder Engagement Plan and due to Covid-19 precautionary restrictions in quarter 4, the Plan was suspended.
Develop a robust policy and regulatory framework.	Organisational Capital Governance and Safety Organisational Capital Stakeholder Engagement Capital	Develop and implement a corporate brand proposition, strategy, and plan	Brand policy developed, and brand positioning and communication was achieved through the Communication Plan.
		Develop and Implement a responsible and safe gambling programme, rules and regulations.	Baseline Research on Prevalence of Excessive and Problem Gambling commenced and will conclude in the next financial year. A Responsible Gaming Framework developed and recommended for Board approval by the Excessive Gambling Prevention and Rehabilitation Committee.
		Develop and Implement a responsible and safe gambling programme, rules and regulations. Develop regulations for Bingo, National Lottery, Betting.	The (layman) draft Lottery Regulations were submitted to Attorney General's Chambers for commencement of the drafting process.
		Implement a Whistle Blowing facility for unfair and illegal practices in the gaming industry.	Toll free whistle blowing line is in place. Staff and the public made aware of whistle blowing line though uptake is still low. Reasons for slow uptake to be established through a feedback mechanism.

(Scorecard continued)

Strategic Objective	Capital Input	Strategic Initiative	Output and future Plans
		Develop a market intelligence capability.	Progressing well and ongoing.
		Develop standards for machines to be licensed in Botswana.	Standards being implemented in conjunction with Botswana Bureau of Standards. BOBS has informed the Compliance and Monitoring Manager that they have agreed with their South African counterparts to adopt their standards in the meantime. Technical Committee to ascertain standards has not yet been set up.
		Stakeholder engagement plan to enable partners to support operations.	Stakeholder engagements with licensees ongoing.
		Establish an enforcement unit within the Authority.	The enforcement processes are being documented and the build-up towards setting up an enforcement unit within the Operations department is envisioned in the organisational realignment. An MoU will be signed with relevant enforcement agencies.
		Develop and implement King IV adoption plan.	The King IV adoption plan has been enhanced to incorporate Integrated Governance, Thinking and Reporting. The Plan will also bring in OECD Governance Guidelines for SOEs. The project was to be presented to the September 2020 Board including the new Board Committee. Terms of reference for reducing the Board Committees from six to three Committees.
Attract and retain a competent workforce	Organisational Capital Financial Capital	Implementation of the recommendations of the Organizational realignment project.	New Gambling Authority Organizational Structure has been approved by the Board and submitted to the Ministry of Investment Trade and Industry (MITI) for "Shareholder" approval.
		Implement PMS	The performance management system is being redesigned. It is expected that a performance management system suited to the Gambling Authority will be in place for the 2021/2022 financial year
Enhance skills and capabilities		Develop and implement a training plan.	Coaching and Mentoring ongoing.

Operational Performance

As stated previously, this chapter details the achievement and challenges as demonstrated in the scorecard above.

Licensing

During the financial year 2019 –2020, the Authority made significant progress in the Casino space. The financial year recorded the transfers of two licenses - Moonlite Casino in Gaborone; and Kings Casino in Lobatse. The Casino Request for Application (RFA) process was completed with the licensing of the Masa Casino in Gaborone which brings the number of casinos in Gaborone to four. The licensing of these casinos saw an increase in the staff, machines and suppliers to be licensed. The department continued to engage with stakeholders who wished to conduct promotional competitions.

After Moonlite Casino relocated to the Airport Junction, the number of slot machines increased from 53 to 122 and table games jumped from four (4) to ten (10). All the slot machines which were on the casino floor at the old premises were replaced with new machines thus improving the experience of play for the punters. The casino is therefore expected to attract punters from a different market segment compared to when it was located the Bus Rank.

Kings Casino was given approval to relocate from Cumberland Hotel to the premises adjacent the Hotel; and the licence was transferred from African Leisure (Pty) Ltd to Speedy Investments (Pty) Ltd. There will be no change to the number of slot machines and table games. However, the casino will have a more delightful ambience and in view of the aforesaid, it is anticipated that the casino will be able to attract more punters.

Scenic Adventures (Pty) Ltd was issued with a licence to operate a casino at Masa Square. The company has proposed to operate 130 slot machines and 11 table games. The casino will employ 126 people.

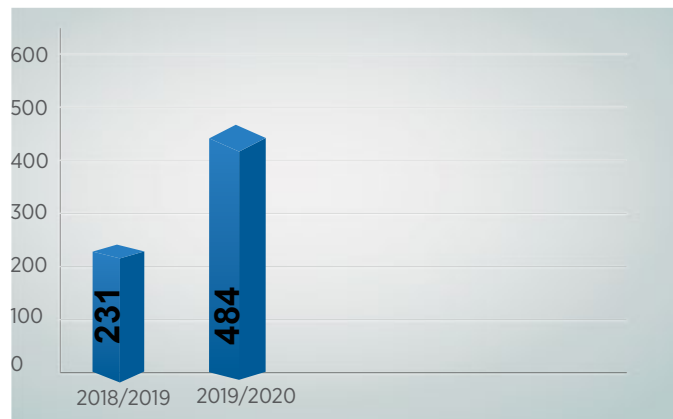
Four new service providers were registered during this period including one Testing Agent. The service providers are SNB Investments (Pty)Ltd , GLI Africa (Pty)Ltd, DRGT Africa (Pty)Ltd and Omega Gaming (Pty)Ltd

Employee Licensing

The Gambling Act and Regulations make it mandatory for all employees working within the

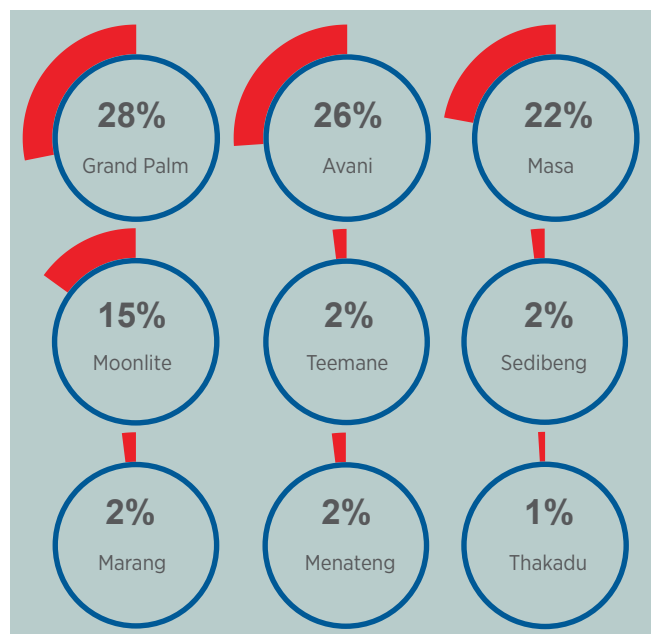
gambling industry to be licensed. There was a noticeable increase in the number of licensed employees during the financial year under review as the number of employees at Moonlite Casino grew because the new premises has more slot machines. Whilst operating at the Gaborone Bus Rank, Moonlite Casino had 9 employees of which 3 were key employees (2 Directors and 1 Operations Manager). After relocating to the Airport Junction Mall, the number employees increased to 70 of which 3 were key employees (excluding the 2 Directors).

Licensed Casino Employees



The percentage of licensed employees per Casino for the financial year 2019/2020 is summarized as follows

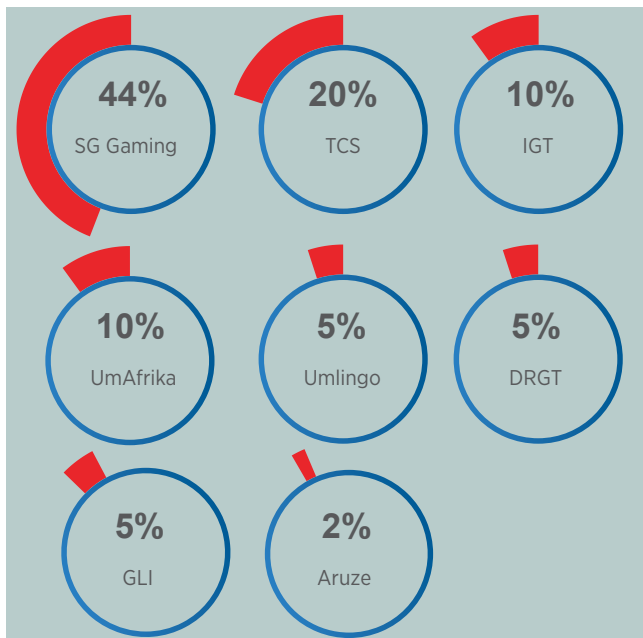
Percentage of Licensed Casino Employees in 2019/2020



(operational performance continued)

The percentage of licensed employees per Service Provider for the financial year 2019/2020 is summarized as follows;

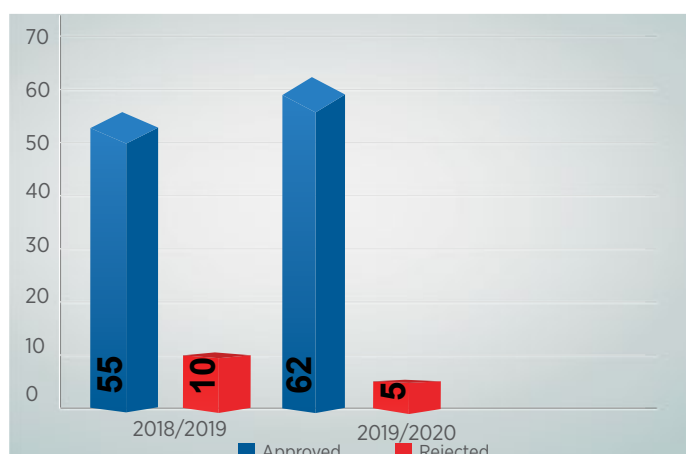
Percentage of Licenced Employees for service Providers in 2019/2020



Promotional Competitions

The Authority is mandated to oversee the running of promotional competitions in Botswana. Whilst awaiting the approval of the Regulations, the Authority continues to assist those persons who wish to conduct competitions. The competitions are assessed to ensure that there is no hint of gambling. In the interest of the public, the Authority also ensures the protection of the consumer.

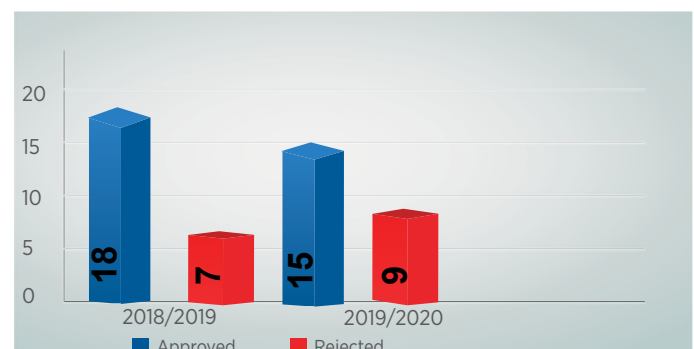
Promotional Competitions Considered



The Authority has seen a reduction in the number of promotional competition applications that are rejected. The reduction is attributable to the Authority's decision to engagement with applicants on the requirements for running a Promotional Competition.

It also emerged that some of the proposed Promotional Competitions were rejected because there was no evidence that there was any product or service to be promoted by the applicant company in the submitted applications. Furthermore, in some of the submitted proposals, the Promoters' proposed method of operation for the competitions was similar to the conduct of some gambling activities. In terms of the Gambling Regulations, the Request for Application process has to be followed prior to receiving such applications.

Private Lotteries Considered



The Authority rejected nine (9) applications for private lotteries. The rejections were motivated by the fact that the applicants were proposing to sell the tickets throughout the country. This would contravene the provisions of the Gambling Act because the sale of tickets for a Private Lottery should be limited to a particular group i.e. members of a society or club. Furthermore, if they are sold throughout the country, the conduct would mirror that of a National Lottery.

Casino Inspections 2019/2020

Casino	Type of Inspection General	Targeted	Ad-hoc	TOTAL
Marang		1- AML/CFT/CPF Risk Based Inspection (14th - 15th August 2019)		1
Avani		1- AML/CFT/CPF Risk Based Inspection (7th August 2019)		1
Grand Palm	1- Follow Up Inspection 3rd - 5th July 2019	1- AML/CFT/CPF Risk Based Inspection (7th - 9th August 2019)		2
Moonlite	1- Pre-Opening Inspection (27th January 2020)	1- AML/CFT/CPF Risk Based Inspection (7th - 8th August 2019) 1- AML/CFT/CPF Follow up Inspection (27th -28th November 2019)	1- Tables Investigation (30th July 2019)	4
Thakadu		1- AML/CFT/CPF Risk Based Inspection (13th -14th August 2019) 1- AML/CFT/CPF Follow up Inspection (26th -29th November 2019)		2
Sedibeng		1- AML/CFT/CPF Risk Based Inspection (14th -15th August 2020)		1
Menateng		1- AML/CFT/CPF Risk Based Inspection		1
Teemane		1- AML/CFT/CPF Risk Based Inspection (8th - 9th August 2019) 1- AML/CFT/CPF Follow up Inspection (26th -29th November 2019)		2
Kings	0	0	0	0
TOTAL	1	12	1	14

In our effort to transition from a rule-based inspection to implement the risk-based inspection, the Gambling Authority conducted a general inspection of all its casinos on AML/CFT to establish the level of compliance. After the inspections, the authority then conducted a follow up inspection in the Gaborone casinos which revealed a significant improvement in the level of compliance.

Botswana Casinos Information

	Gaborone Sun	Grand Palm	Moonlite	Kings	Teemane	Thakadu	Menateng	Marang	Sedibeng
Licence Expiry Date	1/7/2023	29/04/2021	03/10/2026	7/7/2023	10/9/2021	9/9/2025	15/08/2021	31/07/2022	31/07/2022
Location	Gaborone	Gaborone	Gaborone	Lobatse	Jwaneng	Letlhakane	Selibe Phikwe	Francistown	Francistown
EGMs Operational	140	150	122	50	57	50	58	58	50
Spare	24	25	-	-	-	-	8	9	7
Tables Operational	11	16	10	4	N/A	N/A	N/A	N/A	N/A
Spare	-	-	-	2	5	-	-	-	-

The Moonlite casino relocation to the Airport Junction mall has led to the increase in the total number of gaming equipment in the Botswana casinos. Moonlite casino through its relocation increased its slot machines from 65 to 115 and the gaming tables from four (4) to ten (10) tables.
Casino Requests 2019/2020

As part of the Compliance function, all Casinos are required to request approval from the Gambling authority when making a machine move on the gaming floor. The request includes but not limited to:

- Denomination Change
- Return to player percentage change
- Total decommissioning of EGM replacing with new games
- New games on existing machines

The changes to the games have led to a better look and feel of our casinos; including improved revenues as a result of the changes to the gaming floors.

Casino Requests

CASINO	PERIOD 2018/2019	PERIOD 2019/2020
Marang	1	4
Avani	11	5
Grand Palm	7	14
Moonlite	0	0
Thakadu	2	0
Sedibeng	1	0
Menateng	1	1
Teemane	3	0
Kings	0	0

Casino Promotional Competitions 2019/2020

As part of the Gambling Authority mandate to ensure safe gaming and customer protection in our casinos, the Authority receives and vets the gaming promotions to ensure consistency in those areas. During the period under review we received 19 promotions requisitions and vetted them. The Authority did not reject any of the submitted promotions.

Promotional Competition Requests

CASINO	PERIOD 2018/2019	PERIOD 2019/2020
Marang	3	1
Avani	5	2
Grand Palm	9	8
Moonlite	3	2
Thakadu	1	2
Sedibeng	1	3
Menateng	3	1
Teemane	0	0
Kings	0	0

ICGR Action Plan for Botswana's Compliance to FATF Recommendations

The Authority is apportioned a Supervisory Authority or role in the Financial Intelligence Act on matters of anti-money laundering and counter financing of terrorism activities.

During the year under reporting, the Authority participated extensively in Botswana's efforts to comply with the International Co-operation Review Group's programme to normalize the country's compliance to recommendations made by the Financial Action Task Force.

These bodies are responsible for setting standards and promoting effective implementation of legal, regulatory, and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.

The following table details our interventions in relation to the action plan set out by the ICGR.

Our interventions in relation to the action plan set out by the ICGR.

ACTION ITEM 1. Supervision and enforcement Supervisory bodies should;	ACTION ITEM
<p>a) Develop and implement risk-based AML/CFT/CPF supervisory manuals:</p>	<p>The Gambling Authority developed a Risk Based Supervisory Manual which has been approved by the board (16/08/19).</p> <ul style="list-style-type: none"> • The Risk Based Supervisory Manual provides guidance on identifying and controlling risks associated with Money Laundering, Terrorist Financing and Proliferation Financing. The manual enables the Authority to be able to apply resources aimed at ensuring that the risks are mitigated effectively using the risk-based approach. The Manual has now focused the regulatory process and the Authority is able to channel its resources where the risk is high in a targeted manner. • The Gambling Authority has been implementing the manual by applying processes and procedures as set in the Manual. These processes include: • Phase I Money Laundering/Terrorist Financing/Proliferation Financing Risk (ML/TF/PF), Risk Assessment, Anti-Money Laundering/Counter-Financing of Terrorism/Counter Proliferation Financing (AML/CFT/CPF), Risk Mitigation Framework Analysis • Phase II On-Site Inspection • Phase III Prepare Inspection Report • Since implementation of the Risk Based Supervisory manual, the choice of Casinos in inspections is on a risk sensitive basis with priority being given to high risk Casinos. In addition, inspected Casinos are being closely monitored as per remedial action plan for closure of identified deficiencies.
<p>b) Provide staff with adequate training in AML/CFT/CPF supervision.</p>	<p>The Gambling Authority has successfully enrolled the Compliance Unit to Association of Certified Anti-Money Laundering Specialist (ACAMS). The Compliance Unit consists of 12 members (10 inspectors, a Manager and the Head of department)</p> <p>Impact of training</p> <ul style="list-style-type: none"> • Enhanced knowledge of the AML/CFT/CPF Spectrum (Financial Action Task Force Standards, Anti-Money Laundering/ Counter-Financing of Terrorism Controls, • Current trends and typologies which improve continued supervision and level of compliance for supervised entities. • Appreciation of the Risk Based Approach and the application thereof. • The Authority has developed a Training Plan, to provide staff with continuous AML/CFT/CPF training.
<p>(c) Implement risk-based supervision or monitoring programmes including inspections.</p>	<p>The Gambling Authority on the 9th -16th August 2019 conducted 8 onsite inspections of the 8 Casinos that they regulate. The determination of the onsite inspections was based on the results of the National Risk Assessment and Institutional Casino Risk Assessment which placed Casinos as medium-high risk. The risk assessments considered the products factors, delivery channel factors, geographic factors, customer factors. The main areas that drive risk being the use of non-member cards which cannot be traced to a natural person therefore making it impossible to conduct Customer Due Diligence. It was established that there is exploitation of casino chips, where a Customer can bring a lump sum of money for an exchange of chips at the cash desk.</p> <p>Based on the deficiencies identified in the continuous supervision routines, the Authority is set to schedule one on one meetings with licensees to ensure compliance with the Financial Intelligence Act and Regulations.</p> <p>The importance of complying with the Financial Intelligence Act and Regulations ascertain Casinos as a part of the global financial system by curbing financial crime and ensuring effectiveness in the mitigation of Money laundering/Terrorist Financing risks relating to gambling.</p> <p>On the 11th of October the Authority requested Casinos to register on the live/clean platform of the goAml system. All Casinos managed to register on the goAml system which allows them to report Suspicious Transactions and Cash Transactions to the Financial Intelligence Agency.</p>

(Our interventions in relation to the action plan set out by the ICGR continued)

ACTION ITEM 1. Supervision and enforcement Supervisory bodies should;	ACTION ITEM
<p>(d) Financial Institutions (FIs) and Designated Non-Financial Businesses and Professions (DNFBP) supervisors, jointly with the Financial Intelligence Agency (FIA) where necessary, should conduct outreach programmes to the reporting entities to enhance application of Anti-Money Laundering, Counter-Financing of Terrorism AML/CFT/CPF obligations. The focus of the outreach should include:</p> <ul style="list-style-type: none"> (i) Money Laundering, Terrorist Financing ML/TF/PF risk assessments (ii) AML/CFT/CPF policies and procedures (iii) Compliance function (iv) Suspicious transactions reporting (v) Record keeping and Customer due diligence measures including Ultimate Beneficial Ownership (UBO) and Prominent Influential Persons (PEPS) (vi) Record keeping 	<p>On the 7th February 2019, The Authority shared in detail the Financial Intelligence Act and guidelines to all Casino operators to enable them to develop Anti-Money Laundering, Counter-Financing of Terrorism policies and make them aware of their obligations in terms of the Financial Intelligence Act.</p> <p>Following the cascading of the Anti-Money Laundering, Counter-Financing of Terrorism Guidance Notes, Casinos have improved their Customer Due Diligence measures. This is evidenced by their move to update their Know Your Customer forms, submitted their customer acceptance policies for vetting, and have since appointed compliance officers.</p> <p>On the 3rd of August 2019, the Gambling Authority Board had a retreat at which they were sensitised on issues around Anti-Money Laundering, Counter-Financing of Terrorism. This awareness exercise included the International Cooperation Review Group Action Items and what the Authority intends to do going forward to improve its supervision.</p> <p>On the 22nd August 2019, the Authority jointly with the Financial Intelligence Agency conducted an outreach programme on all the eight (8) casinos operating in Botswana.</p>
<p>e) Ensure Financial Institutions (FIs) and Designated Non-Financial Businesses and Professions (DNFBP) conduct Money Laundering/Terrorist Financing ML/TF/PF risk assessment.</p>	<p>All 8 Casino have submitted their risk assessment reports.</p> <p>Below is the analysis of the risk assessments:</p> <p>Most Casinos outlined the use of white card (Non-member Cards) as a threat to their business; and as a way to contain the situation, the Authority has issued a directive stopping the usage of the white cards. This was ascertained in the inspections that were conducted by the Authority from the 7th to the 16th August 2019. It should be noted that all Casinos have stopped accepting White Cards and now use Member Cards (de-risking) only. Operating and Monitoring Systems by the Casinos do not include some fields that allow the Casino personnel to enter the particulars of the customers as per Know Your Customer forms. As part of the mitigation or control of the risk, Casinos have motivated to the System Suppliers to include the feature on the next upgrade.</p> <p>Most Casinos expressed the concern that there are instances in which customers can use stained notes on slot machines as the bill validators do not detect the stains on the notes. This poses as a threat as the casinos can be used as Money laundering sanctuaries. Casinos demonstrated that customers are risk rated according to their potential risk of financial crime. There are three risk ratings, which are low: moderate and high. The risk rating assists casinos to determine which type of due diligence is to be applied - simplified due diligence, or enhanced customer due diligence. The process of risk rating the customer takes into account; sign up date, membership status, and domicile, visits of the player, banning status of the player, total amount bet, monthly average bet, political status, products used by the customer and delivery channel used by the customer. In view of the above, to effectively risk rate customers some casinos use sophisticated technology for their risk assessments while other casinos do it manually. The review of customers is done on a continuous basis.</p>

Our interventions in relation to the action plan set out by the ICGR continued

ACTION ITEM 1. Supervision and enforcement Supervisory bodies should;	ACTION ITEM
<p>(f) Take remedial actions and sanctions for non-compliance.</p>	<p>In the inspections that were conducted the Casinos were given a deadline in which they should have resolved the non-compliance identified as part of the remedial action plan.</p> <p>Of the eight (8) inspected Casinos, six (6) Casinos presented comprehensive AML/CFT/CFP Policies, while the remaining two (2) Casinos presented policies that were inadequate. The Authority has put measures in place to ensure that the two (2) Casinos amend the policies to address the short falls identified. The measures include setting up engagement meetings to discuss the deficiencies. It is important to note that all the Casinos have implemented customer due diligence procedures and have put in place Know Your Customer forms. All Casinos report Cash Transactions and Suspicious Transactions through the goAml platform. Casinos regularly receive sanctions lists and perform searches on their customer databases to ensure that they do not deal with sanctioned individuals. In addition two (2) Casinos have implemented a systematic tool for sanctions list screening which makes it easy to continuously screen the individuals within their databases.</p>

Machines Crushed 2019/2020

Regulation 83 Provides that (1) A licensee who wishes to use a gambling machine or gambling machine device that requires to be type approved shall ensure that the gambling machine or device is type approved before such machine or device is installed on the gaming floor. During the period under review the Authority received requests by casinos to crash gaming devices. This is done for casinos to improve the gaming experience of its customers through decommissioning of old games and replacing with new games. Some of the reasons for the crashing of the gaming machines include:

- Disposal of old gambling machines or devices to allow for new machines.
- Old gambling machines or devices not compatible with the latest central monitoring system versions.
- Disposal of old EGM that are not compatible with the gaming systems as they continue to be upgraded.

- Manufacturers or Suppliers no longer supplying parts for the machines.

The safe disposal of machines has ensured that Botswana continues to have a safe gaming environment with no known illegal gambling and a better look and feel of the casinos due to continuous replacement of old machines with new machines.

Machines Crushed

CASINO	PERIOD 2018/2019	PERIOD 2019/2020
Marang	0	0
Avani	72	0
Grand Palm	62	59 (2nd May 2019)
Moonlite	0	20 (26th February 2020)
Thakadu	0	0
Sedibeng	0	0
Menateng	0	16 (13th August 2019)
Teemane	37	0
Kings	0	0

Approved Gaming Equipment Shipment

During the period under review the Authority has received request to import new gaming devices into Botswana. The gaming devices are checked through their test reports if they comply with the Botswana gaming standards. Most of the approved machines were ordered by Moonlite casino for their relocation to the new premises at the Airport Junction Mall; while a few are for the upgrade of existing machines at other casinos. The vetting and approval of the gaming devices has led to having compliant gaming equipment in our casinos.

Shipment			
Slots Machines 150	Tables 9	Game Software 12	Others 179

Licensed Service Providers

Name	Type of Service provided
Aruze Gaming Africa (Pty) Ltd	Maintenance provider and seller of gambling machines and devices
International Game Technology Africa (Pty) Ltd	Distributor of gambling machines and devices
Associated Casino Management Services (Pty)	Distributor of gambling machines and devices
SG Gaming Africa (Pty) Ltd	Distributor of gambling machines and devices
SNB Investments (Pty) Ltd	Maintenance provider and seller of gambling machines and device
Umlingo Trade and Invest 70 (Pty) Ltd	Maintenance provider and distributor of gambling machines and devices
umAfrika Gaming	Supplier of gambling machines and devices
Novomatic Africa (Pty) Ltd	Supplier of gambling machines and devices
TCS John Huxley Africa (Pty)	Supplier of gambling machines and devices
DRGT Africa (Pty) Ltd	Manufacturer, supplier and maintenance provider of gambling
GLI Africa (Pty) Ltd	Testing agent of gambling machines and devices
Omega Gaming (Pty) Ltd	Maintenance provider and distributor of gambling machines and devices





Excessive Gambling Prevention and Rehabilitation Committee Report



Submission of the Gambling Authority Annual Responsible Gambling Report 2019/2020

Hon. Peggy O. Serame
Minister of Investment, Trade and Industry
Private Bag 004
Gaborone

Dear Hon. Minister

**RE: Submission of the Gambling Authority Annual Responsible Gambling Report
2019/2020**

In accordance with Section 113, of the Gambling Act, 2012 (the Act), we are pleased to submit to you, the Gambling Authority's Responsible Gambling Report for the year 2019/2020.

Yours Faithfully



Blessed S. Monyatsi
Board Chairperson



Thulisizwe W. Johnson
Chief Executive Officer

IT IS JUST A GAME

Play Responsibly

www.gamblingauthority.co.bw

Preface

This report is prepared in accordance with Section 113 of the Gambling Act, 2012. It narrates the activities of the Authority as they relate to sustainable and responsible gambling interventions. During the year under review, the Authority continued its two-pronged responsible gambling strategy. The strategy emphasises a more proactive communication and engagement that is anchored on public education and behavioural change. For greater results this engagement is supported by a counselling and psychosocial treatment strategy that is coupled with an exclusion programme.

Our exclusion programme is defined in the Gambling Act and Gambling Regulations, 2016, and it can primarily be effected at two levels. The affected individual level encourages individuals to opt for self-exclusion or members or his/her family or those who depend on him or her for their livelihoods. The individual may apply to the Authority to have him/her excluded (third party exclusion). Secondly Gambling establishments can also invoke the Right of Admission clause to ban patrons from entering their establishment for any contraventions of the Law (including the Trade, Liquor Act and other laws and regulations). The Authority can, at its discretion, and following due process of the Law, initiate a process to exclude a punter who exhibits harmful gambling habits.

Self-Exclusions

Percentage of self-excluded gamblers vs total gamblers (April 2019-March 2020) NB: 36 exclusions, including 1 relapse.

$$= \text{self-exclusions} / \text{Total Gamblers} \times 100\%$$

$$= 36 / 14\,271 \times 100\%$$

$$= 0.252\%$$

NB: Total Gamblers refers to the number of persons who took part in a licensed gambling activity in Botswana between April 2019 and March 2020.

Total number of walk-ins for the year

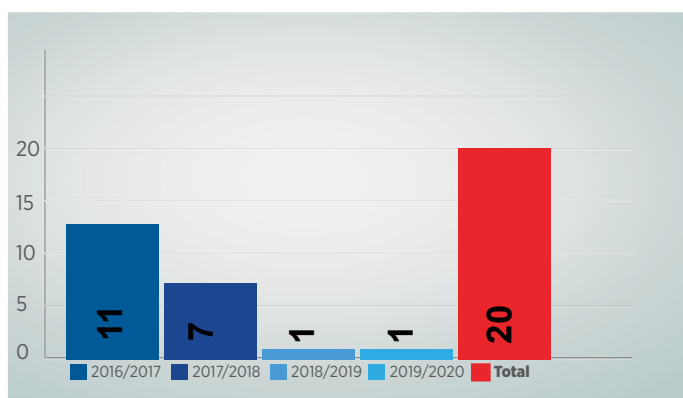
We have had 25 walk-ins from April 2019-March 2020. They were all enquiring about exclusion process. Of this number, only 18 people excluded themselves. Others were to go back and consider their stance. From our observation it appears

these individuals were uncomfortable with the pre-counselling requirement before being re-admitted as gamblers. The Excessive Gambling Prevention and Rehabilitation Committee will in the next financial year investigate this area.

Consecutive Exclusions

The total number of people who have been excluded for four (4) consecutive years is 20.

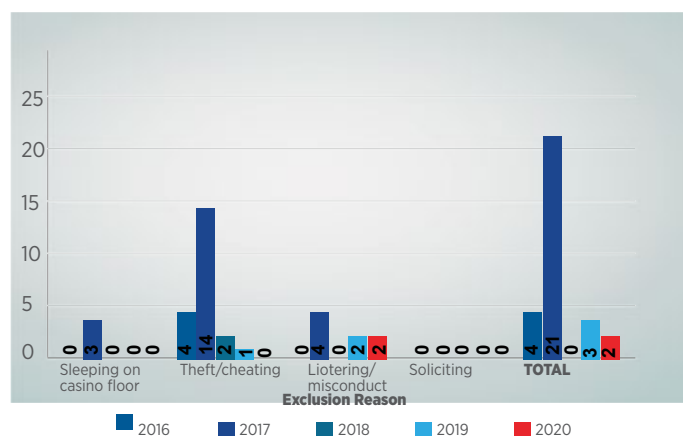
Number of Relapse Individuals



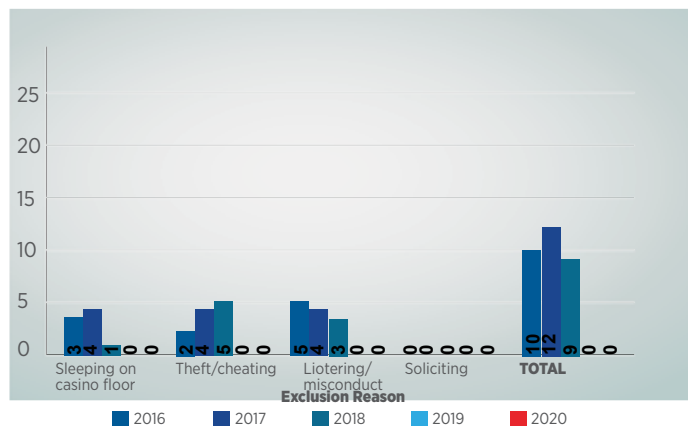
Total number of exclusions (Right of Admission) by casinos from 2016-2020

(For comparative purposes, we will report on the numbers of casinos exclusions from 2016 to date. Only two casinos have had casino exclusions over the years.)

Avani Exclusions

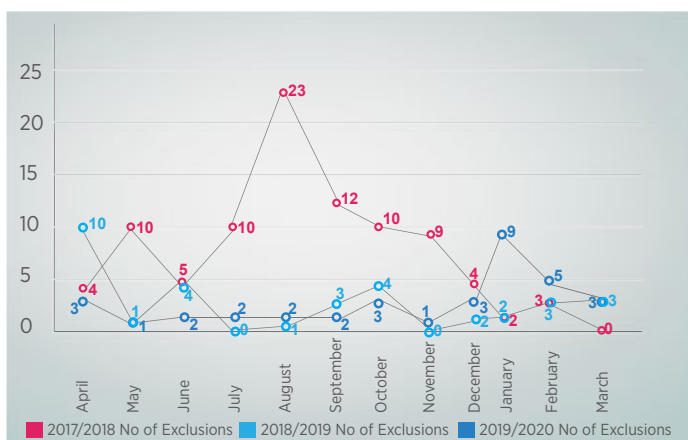


Grand Palm Exclusions



(These apply only to specific casinos and the numbers do not add up to total exclusions as recorded by the Authority because punters so excluded can still gamble in other casinos)

Statistics of self-excluded persons



Baseline Research on Prevalence of Excessive and Problem Gambling

During the year under review, the Authority commenced a study to assess the prevalence of problem gambling in Botswana. The results of the study will help the Authority to craft appropriate intervention strategies for problem gambling. The study was put on hold to observe COVID-19 precautions and it will commence and conclude in the next financial year (2020/2021).

Public Education Programme

The Authority continued its public campaign and public education endeavors in line with its Communication plan 2019/2020. The pictures below were captured at various interactions across the country. Unfortunately, we are yet to carry out surveys to gauge the impact of our education on members of the public/stakeholders. One such survey is planned for in the coming year (2020/2021).

Responsible Gambling Framework

The Excessive Gambling Prevention and Rehabilitation Committee has developed a Responsible Gaming Framework for approval by the Board of the Authority. The expectation is that this will come to pass in the next financial year (2020/2021).

Public education sessions in motion





Future Outlook



Future Outlook

Strategy Implementation

The Gambling Authority has a clear trajectory as outlined in the Corporate Strategy 2017-2022. In the next four (2) years the Authority will continue its journey towards realizing the goals of the strategy; and continued improvement of processes and the creation of value for stakeholders. In the 2020/2021 financial year, the Authority will adopt a strategy monitoring and evaluation tool to assist in the determination of the value created as well as short to medium term impact on our capitals and output. Actions which will help the Authority to achieve the objectives of its strategy include the following:

Diversified Gaming Industry; The National Lottery

We are optimistic about the creation of a vibrant, safe and sustainable lottery entertainment culture amongst our qualifying stakeholders. It is the view of the Authority that, when implemented correctly and safely the positives from the lottery far outweighs the negative impacts. We will also continue to determine the readiness of the Botswana market to accommodate more gambling types whilst maintaining a balanced grip on the regulatory front.

It is expected that the National Lottery Licence will be awarded in the 2020/2021 financial year.

Regulation: Review of the Gambling Act

It is expected that the amendments to the Gambling Act will be approved in the 2020/2021 year.

Governance: Integrated Thinking and Reporting

The process of introducing Integrated Thinking and Reporting, under the integrated governance framework, is expected to be completed in the next year.

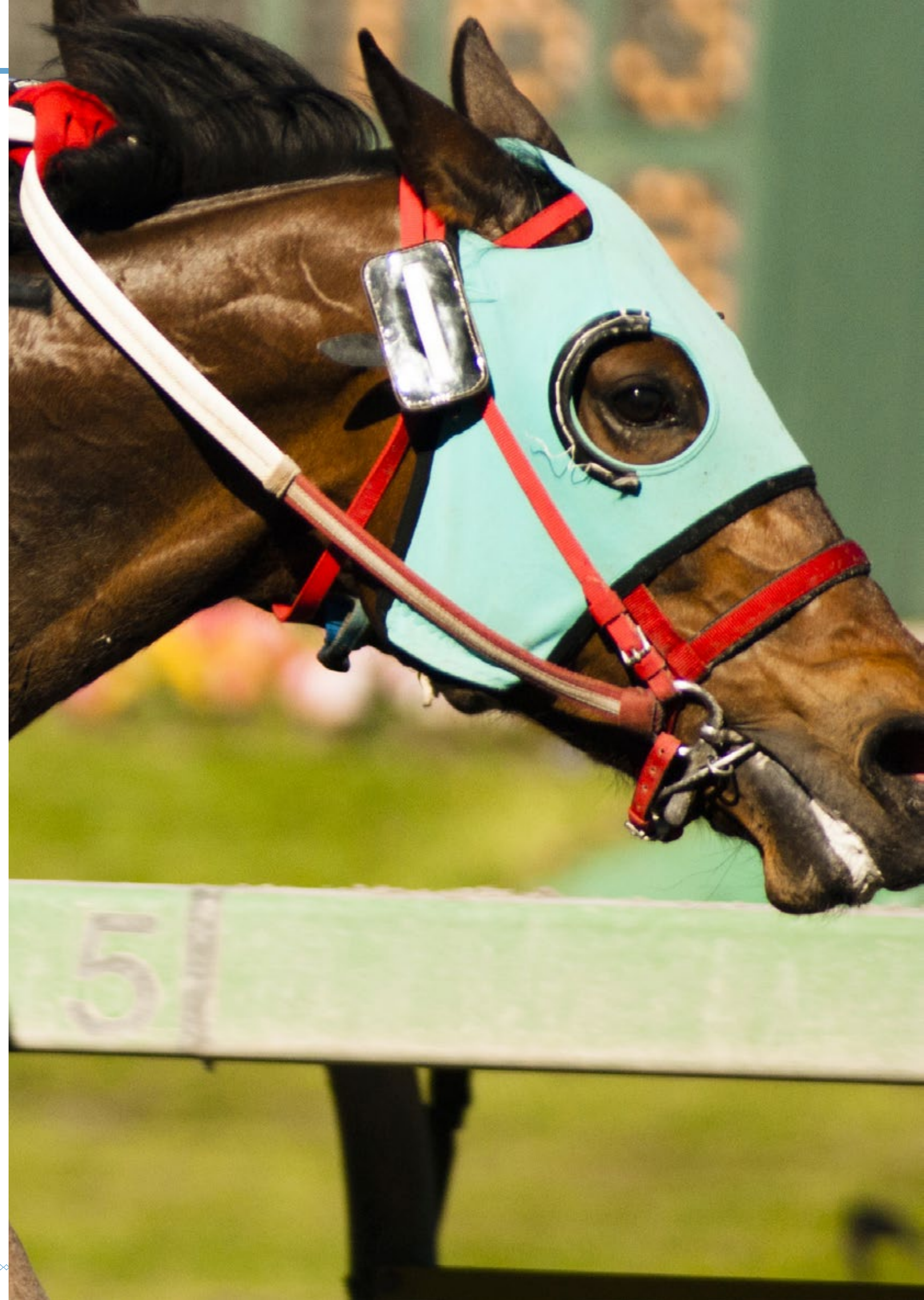
Risk Management

We will continue to monitor and assess the implementation of mitigation measures to determine effectiveness during the remaining term of the strategic period and adjust the Authority's responses accordingly to ensure that exposure is kept to acceptable levels.

Safe Gaming Industry: Responsible Gambling

To further regulate and risk-proof our gambling landscape, the Authority will in the 2020/2021 financial year launch a Responsible Gaming Framework, which will give impetus and direction whilst also coordinating stakeholder efforts in the responsible gaming enterprise.

The Baseline Research on the Prevalence of Excessive and Problem Gambling, is also expected to be concluded in the 2020/2021 financial year.





Annual Financial Statements



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The following supplementary information does not form part of the financial statements and is unaudited:	
Detailed income statement	Annexure I 112

GAMBLING AUTHORITY

GENERAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2020

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.
Members of the Board	Mr. Blessed Monyatsi Mr. Olebile Machete Mr. Marvin Torto (Appointed 01 December 2019) Ms. Itumeleng Mareko (Appointed 01 June 2019) Ms. Arabang Kanego Ms. Eunice Mmono (Appointed 01 June 2019) Ms. Mmakome Masendu Ms. Rosinah Bontsi
Registered address:	West Wing Fairscape Presinct, Fairgrounds Office Park Gaborone
Postal address:	Private Bag BR 161 Broadhurst Gaborone
Bankers:	First National Bank of Botswana Limited Banc ABC African Alliance Investment Bank
Auditors	PricewaterhouseCoopers Certified Auditors
Legal form	Statutory body formed in terms of the Gambling Act, 2012

GAMBLING AUTHORITY

STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2020

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.

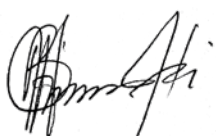
Gambling Authority (the “Authority”) maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of Authority’s assets. The members of the board are also responsible 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 87 to 111 and supplementary information on Annexure 1 were authorised for issue by the Members of the Board on 30 July 2020 and are signed on its behalf by:



Blessed S. Monyatsi
Board Chairperson



Thulisizwe W. Johnson
Chief Executive Officer

GAMBLING AUTHORITY

INDEPENDENT AUDITORS, REPORT

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 the Gambling Authority (the "Authority") as at 31 March 2020, 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

The Gambling Authority's financial statements set out on pages 87 to 111 comprise:

- the statement of financial position as at 31 March 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in funds for the year then ended;
- the 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Adoption of IFRS 16 – Leases</p> <p>The Authority adopted IFRS 16 Leases (“IFRS 16”) for the first time in the current financial year.</p> <p>The Authority applied IFRS 16 retrospectively from 01 April 2019, but has not restated comparatives for the year ended 31 March 2019, as permitted under the specific transition provisions in the standard.</p> <p>At 01 April 2019, the Authority recognised a right-of-use asset to the value of P14.99 million and a lease liability to the value of P15.58 million, and derecognised deferred lease obligations to the value of P0.59 million, which were previously recognised in accordance with IAS 17 Leases.</p> <p>In determining the appropriate amounts and balances to apply in the application of IFRS 16, the Authority used following observable data inputs:</p> <ul style="list-style-type: none"> • The remaining lease period; • The lease payments; and • The Authority’s incremental borrowing rate. <p>The adoption of IFRS 16 was considered to be a matter of most significance to the current year audit due to the judgements made on transition, and the magnitude of the balance.</p> <p>Refer to the following disclosures in the financial statements for detail:</p> <ul style="list-style-type: none"> • Summary of significant accounting policies: Standards and interpretations effective in the current year; Right-of-use assets and lease liability; • Note 3 - Changes in accounting policy: Adoption of IFRS 16 – Leases; • Note 18 - Right-of-use assets; and • Note 19 - Lease liability. 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We evaluated the Authority’s IFRS 16 adoption accounting policies and implementation thereof against the transition requirements of IFRS 16. • We tested the completeness of the individual leases included in the IFRS 16 calculation, by comparing this to valid lease contracts and current year lease payments recorded in the accounting records. No exceptions were noted. • We agreed the observable data inputs, such as the lease period, lease extension options and lease rental included in the IFRS 16 calculation to the information in the underlying lease agreement and further assessed whether such inputs are treated consistently with the requirements of IFRS 16. Our testing did not identify any material inconsistencies. • In respect of the remaining lease period at adoption, we have considered various factors such as Authority’s intention to exercise the extension option, leasehold improvements undertaken, conditions for optional periods compared with market rates and importance of the underlying asset to the Authority. We found no evidence that contradicts management’s conclusion that the Authority has an economic incentive to exercise the extension option and therefore it is reasonably certain that the Authority would exercise the option. • We compared the Authority’s incremental borrowing rate to the interest rate that the Authority was offered by financial institutions for similar funding, adjusted in accordance with the requirements of IFRS 16. No material difference was noted. • We tested the mathematical accuracy of the IFRS 16 calculation and noted no differences. • We agreed the value of the right-of-use asset and lease liability from the IFRS 16 calculation to the respective balances recorded in the accounting records without any material differences. • We evaluated the adoption disclosures against the requirements of IFRS.

Other information

The Members of the Board are responsible for the other information. The other information comprises the information included in the document titled “Gambling Authority Annual Financial Statements for the year ended 31 March 2020” which we obtained prior to the date of this auditor’s report and the other sections of the document titled “Gambling Authority Annual Report 2019/20”, which is expected to be made available to us after that date. The 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.

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 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.

- 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.

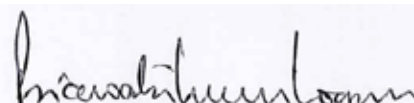
From the matters communicated with the Members of the Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse

consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 and represents a true and fair view of the transactions and financial affairs of the Authority.



Individual Practicing Member: Kosala Wijesena
Registration number: 20000110

Gaborone
25 September 2020

GAMBLING AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

		2020	2019
		P	P
	Note		
Revenue	4	45,364,455	35,138,699
Amortisation of capital grants	13	1,209,261	968,191
Other income	5	2,045,670	355,203
Total income		48,619,386	36,462,093
Operating expenses		(48,048,337)	(40,224,948)
Operating surplus/(deficit)	6	535,049	(3,762,855)
Finance (cost)/income	7	(877,094)	229,106
Deficit for the year		(342,045)	(3,533,749)
Other comprehensive income		-	-
Total comprehensive loss for the year		(342,045)	(3,533,749)

GAMBLING AUTHORITY

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

		2020 P	2019 P
ASSETS	Note		
Non current Assets			
Property, plant and equipment	9	5,559,396	6,264,354
Right of use asset	18	12,529,253	-
		<u>18,088,649</u>	<u>6,264,354</u>
Current assets			
Short term investments	10	30,000,000	-
Trade and other receivables	11	3,000,556	4,229,068
Cash and cash equivalents	12	94,942,550	97,623,411
		<u>127,943,106</u>	<u>101,852,479</u>
Total ASSETS		<u>146,031,755</u>	<u>108,116,833</u>
RESERVES AND LIABILITIES			
Funds			
Accumulated fund		980,814	1,322,859
		<u>980,814</u>	<u>1,322,859</u>
Non-current liabilities			
Capital grant	13	2,733,198	3,942,459
Operating lease liability	15	-	47,340
Lease Liability	19	10,491,598	-
		<u>13,224,796</u>	<u>3,989,799</u>
Current Liabilities			
Deferred income	14	43,076,884	39,098,348
Operating lease liability	15	-	542,595
Lease liability	19	2,166,220	-
Accounts and other payable	16	6,642,925	5,036,364
Levies payable	17	79,940,116	58,126,868
		<u>131,826,145</u>	<u>102,804,175</u>
Total Liabilities		<u>145,050,941</u>	<u>106,793,974</u>
TOTAL FUNDS AND LIABILITIES		<u>146,031,755</u>	<u>108,116,833</u>

GAMBLING AUTHORITY

STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 MARCH 2020

	Accumulated Fund	Total
	P	P
Balance at 1 April 2018	4,856,608	4,856,608
Total comprehensive loss for the year	(3,533,749)	(3,533,749)
Balance at 31 March 2019	<u>1,322,859</u>	<u>1,322,859</u>
Balance at 1 April 2019	1,322,859	1,322,859
Total comprehensive loss for the year	(342,045)	(342,045)
Balance at 31 March 2020	<u>980,814</u>	<u>980,814</u>

GAMBLING AUTHORITY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 P	2019 P
Cash generated from operations			
Operating surplus / (deficit)		535,049	(3,762,855)
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment	9	1,815,382	1,590,243
Depreciation on right of use asset	18	2,464,771	-
Loss on disposal property, plant and equipment		272,928	-
Operating lease liability		-	(238,610)
Amortisation of capital grant	13	(1,209,261)	(968,191)
<i>Changes in working capital</i>			
Decrease/(increase) in trade and other receivables		1,228,512	(791,755)
Increase in trade and other payables		1,606,561	2,498,875
Increase in levies payable		(892,621)	(22,575)
Increase in deferred income	14	3,978,536	20,589,412
Net cash generated from operations		<u>9,799,857</u>	<u>18,894,544</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(1,733,352)	(1,395,424)
Proceeds from sale of property, plant and equipment	21	350,000	-
Investment in short term investments	10	(30,000,000)	-
Interest received	7	300,552	229,106
Net cash used in investing activities		<u>(31,082,800)</u>	<u>(1,166,318)</u>
Cash flows from financing activities			
Lease payments	19	(4,103,787)	-
Net cash used in investing activities		<u>(4,103,787)</u>	<u>-</u>
Net change in cash and cash equivalents		(25,386,730)	17,728,226
Cash and cash equivalents at beginning of year		41,000,738	23,272,512
Cash and cash equivalents at end of year	12	<u>15,614,008</u>	<u>41,000,738</u>

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Summary of significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

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 2019.

“IFRS 16 – Leases (Effective for 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.

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’.

Refer to Note 3 - Changes in accounting policy: Adoption of IFRS16 – Lease for details regarding the adoption of IFRS16 Leases.

Summary of other Standards, amendments and interpretations which are applicable for current financial year is given below and none of them had material impact to Authority’s financial statements.

- Amendments to IFRS 9 – ‘Financial instruments’ on prepayment features with negative compensation and modification of financial liabilities.
- Amendments to IAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement.
- IFRIC 23, ‘Uncertainty over income tax treatments

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Summary of significant accounting policies (Continued)

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 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material. (Effective for annual periods beginning on or after 1 January 2020)

These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; clarify the explanation of the definition of material; and incorporate some of the guidance in IAS 1 about immaterial information.

The amended definition is: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Authority will evaluate the effect of all the new standards, amendments and interpretations that are in issue for adoption in the applicable periods

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	Over the lease period
- 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.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Summary of significant accounting policies (continued)

Financial Instruments (continued)

Classification

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

- Financial assets at amortised cost
- Financial liabilities at amortised cost

The classification depends on the purpose for which the financial instruments were obtained/incurred. Management determines the classification of its financial assets at initial recognition.

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

Financial assets at amortised cost

“Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Authority’s receivables, which are not provisionally priced, consist of fixed or determined cash flows related solely to principal and interest amounts. The Authority’s intent is to hold these receivables until cash flows are collected. Receivables are recognized initially at fair value, net of any transaction costs incurred and subsequently measured at amortized cost using the effective interest rate method. The Company recognizes

a loss allowance, as appropriate, for expected credit losses on a financial asset that is measured at amortized cost.

Financial liabilities at amortised cost

Financial liabilities are measured at amortized cost using the effective interest rate method, unless they are required to be measured at fair value through profit and loss.

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 recognises a loss allowance for expected credit losses on trade and other receivable. The amount of expected credit losses (ECL) is updated at each reporting date. The loss allowance is measured at a lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on these receivable has not increased significantly since initial recognition, then the loss allowance is measure at 12 month ECL. In order to assess whether to apply lifetime ECL or 12 month ECL to trade and other receivables, the Authority considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Summary of significant accounting policies (continued)

areceivable being credit impaired at the reporting date or of an actual default occurring.

In assessing whether credit risk on a receivable or group of receivable has significantly increased since initial recognition, the Authority compares the risk of a default occurring as at reporting date with the risk of default occurring as at the date of initial recognition. The Authority considers both quantitate and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost and effort.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

The Authority writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings.

Trade and other receivable

Trade and other receivables, excluding prepayments, are classified as financial assets subsequently measured at amortised cost. They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Authority's business model is to collect

the contractual cash flows on trade and other receivables.

Trade and other receivables are recognised when the Authority becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost.

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. Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Accounts and other payable

"Accounts 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."

Levies payable

"Levies payable includes the license levy collected and held by authority on behalf of the Levy Fund, which is yet to be established."

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Summary of significant accounting policies (continued)

Right-of-use assets and lease liability

Initial measurement

Upon lease commencement, a right-of-use asset and a lease liability are recognised. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

Subsequent measurement

"After lease commencement, the right-of-use asset is measured using a cost model, amortised over the lease term."

"Lease liability is subsequently remeasured to reflect changes in: The lease term (using a revised discount rate); the assessment of a purchase option (using a revised discount rate); the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate)."

The remeasurements are treated as adjustment to the right-of-use asset.

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.

Rendering of services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. This includes application fees, annual fees, transfer fees, national lottery fees, casino entrance fees, income from gambling machines, employee licence fees etc. earned by the Authority as a part its principal activities as the Regulator of gambling activities. The Authority recognises revenue from rendering services when it transfers control of a service to a customer.

Contribution towards responsible gambling

This includes contribution received from all licensed casinos in respect of activities relating to excessive gambling prevention and rehabilitation, which are carried out by Excessive Gambling Prevention and Rehabilitation Committee, a committee established by Authority's board for the said purpose. This contribution is accounted for as deferred income at initial recognition and subsequently recognised in the statement of comprehensive income over the period necessary to match with the expenses relating to excessive gambling prevention and rehabilitation activities which they are intended to compensate. Contribution received for which the related

expense have not been incurred is carried as deferred income and is included under current liabilities.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Summary of significant accounting policies (continued)

Interest income

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

Government grants

Government grants are assistance by government in the form of transfers of resources to the Authority in return for compliance with certain conditions relating to the operating activities of the Authority.

Government subventions relating to a particular period are recognised in the statement of comprehensive income in the respective period when there is a reasonable assurance that the subventions will be received.

Grants from the Government are initially recognised to unspent grants under current liabilities in the statement of financial position, once there is reasonable assurance that the Authority will comply with the conditions attaching to them (as applicable) and it is reasonably assured that the grant will be received.

Grants received for specific expenses are recognised in the statement of comprehensive income over the period necessary to match with the expenses they are intended to compensate. Grants received for which the related expense have not been incurred remain included in current liabilities as unspent grants received from Government.

Grants received for the acquisition of property, plant and equipment ("capital assets") are transferred from unspent grants to capital grants in the statement of financial position in the period in which the underlying asset is bought. Grants, for which the underlying asset has been bought, is subsequently recognised in the statement of comprehensive income to match the depreciation of the related assets, as other income. Grants received for which assets have not been purchased, remain included in current liabilities as unspent grants received from Government.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2 Critical 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.

Accounting for license levies and contributions towards responsible gambling collected from Licensed casinos

Gambling Authority ("Authority") collects license levy (at 10% on gaming revenue) and contribution (at 5% on gaming revenue) towards activities

relating to prevention of excessive gambling and rehabilitation from all licensed casinos in Botswana.

License levy collected is expected to be transferred to a fund ("Levy Fund") to be established in accordance with Section 134(1) of the Gambling Act, 2012 ("the Act") which has not been established by the year end. The structure, control, administration and modalities relating to its establishment is still under discussion.

"The Authority considers License Levy collected as amounts collected on behalf of the Levy Fund and has recognised as a liability and included under current liabilities pending the establishment of the Levy Fund and finalisation of its structure, control and administration. The accounting treatment will depend on the final conclusions relating to its structure, control and administration upon its establishment."

This includes contribution received from all licensed casinos in respect of activities relating to excessive gambling prevention and rehabilitation, which are carried out by Excessive Gambling Prevention and Rehabilitation Committee, a committee established by Authority's board for the said purpose. This contribution is accounted for as deferred income at initial recognition and subsequently recognised in the statement of comprehensive income over the period necessary to match with the expenses relating to excessive gambling prevention and rehabilitation activities which they are intended to compensate. Contribution received for which the related expense have not been incurred is carried as deferred income and is included under current liabilities.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2 Critical accounting estimates and judgements (continued)

Treatment of grants received from Government

Taking into account its nature and substance, the Authority considers amounts that it receives from the Government to fall within the scope of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. In reaching this conclusion, the Authority considers the terms attached to each of the grants received and the current practice adopted by other parastatals in Botswana. Accordingly, the Authority recognises the amounts received in accordance with the accounting policy as included in note 1 - Government grants.

Determining the lease term and the incremental borrowing rate

The Authority adopted IFRS 16 - Leases ("IFRS16") for the first time in the current financial year. The Authority recognised right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the Authority. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value determined using the following observable data inputs: the remaining lease period, the lease payments and Authority's estimated incremental borrowing rate.

"In determining the remaining lease period, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Among others management's intention of renewal, amounts already spent on leasehold improvements, conditions attached renewal, particularly rental being market rent for renewal

period will be based on market rates, location and underlying importance of the property for the Authority etc have been taken into account. Extension options are only included in the lease term if the lease is reasonably certain to be extended."

"The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case, the Authority's incremental borrowing rate is used, being the rate that the Authority would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions." Authority has used incremental borrowing rate of 8.25% at the date of initial application. Had this been changed by 1%, right of use asset and lease liability as at 1 April 2019 will be increase/(decrease) as follows:

	Increase by 1%	Decrease by 1%
	P	P
Right of use asset	(405,554)	421,742
Lease liability	(405,554)	421,742

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

3 Changes in accounting policy: Adoption of IFRS16 – Leases

The Authority adopted IFRS 16 - Leases ("IFRS 16") for the first time during the financial year ended 31 March 2020 to recognise, measure, present and disclose operating leases. In accordance with the requirements of IFRS 16, the Authority re-assessed the way in which it accounts for operating leases where it is a lessee.

In applying IFRS 16 for the first time, the Authority applied IFRS 16 retrospectively from 01 April 2019, but has not restated comparatives for the year ended 31 March 2019, as permitted under the specific transition provisions in the standard. On adoption of IFRS 16, the Authority recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases.

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate

applied to the lease liabilities on 1 April 2019 was 8.25%. The Authority recognised right-of-use asset in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

"In determining the appropriate amounts and balances to apply in the application of IFRS 16, the Authority used following observable data inputs:

- Remaining lease period - Lease term has been determined based on the contractual term and for additional period where the Authority is reasonably certain to renew.
- Lease payments; and
- Authority's estimate of its incremental borrowing rate - The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 8.25% per annum."

No practical expedients were applied

Measurement of lease liabilities

Operating lease commitments disclosed as at 31 March 2019	P 4,447,896
Discounted using incremental borrowing rate of at the date of initial application	4,239,988
Add: adjustments as a result of extension option considered	11,343,971
Lease liability recognised as at 1 April 2019	<u>15,583,959</u>
Of which are:	
Current lease liabilities	2,926,142
Non-current lease liabilities	<u>12,657,817</u>
	<u>15,583,959</u>

Adjustments recognised in the balance sheet on 1 April 2019

The change in accounting policy affected the following items in the balance sheet on 1 April 2019

- Right-of-use assets – increase by P14.99Mn
- Deferred lease obligations – decrease by P0.59Mn
- Lease liabilities – increase by P 15.58Mn.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	P	P
4 Revenue		
Government subvention (Note 12)	41,730,801	31,719,740
Rendering of services		
<i>Annual fees</i>	900,000	900,000
<i>Application fees</i>	-	250,000
<i>Casino entrance fees</i>	1,584,904	1,597,459
<i>Income from gambling machines</i>	833,250	464,000
<i>Employee license fees</i>	315,500	207,500
	45,364,455	35,138,699
5 Other Income		
Responsible Gaming Contributions	2,025,348	-
Other operating Income	20,322	355,203
	2,045,670	355,203
6 Operating (deficit) / surplus		
Operating (deficit) / surplus is arrived at after charging the following items;		
Auditors remuneration-audit fees	233,362	213,503
audit related services	341,062	96,981
Consultancy and professional fees	6,849,481	3,127,016
Depreciation on property , plant and equipment	1,815,382	1,590,243
Depreciation on right of use asset	2,464,771	-
Donations	248,636	84,665
Board fees members fees (note 21)	602,550	533,700
Legal fees	1,032,589	470,979
Loss on disposal of property, plant and equipment	272,928	-
Meeting and conference costs	2,059,232	2,184,331
Provision for bad debts	162,000	-
Rent	2,424	3,561,196
Staff cost (Note 6.1)	22,914,410	20,919,175
Travel and accommodation	2,497,270	3,401,899
Expenses on Responsible Gaming activities	2,025,348	-
Other expenses	4,562,892	4,041,260
	48,084,337	40,224,948

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	P	P
6.1 Staff Costs		
Salaries	20,468,438	19,841,367
Staff welfare	2,445,972	1,077,808
	<u>22,914,410</u>	<u>20,919,175</u>
7 Finance cost/(income)		
Finance income		
Interest income	(300,552)	(229,106)
Finance cost		
Interest on IFRS 16: Lease liability	1,177,646	-
Net Finance cost/(income)	<u>877,094</u>	<u>(229,106)</u>
8 Taxation		
Authority is exempt from income tax under paragraph (xx) Part 1 of the second schedule of the Income Tax Act (52:01).		

Year ended 31 March 2019

As at 31 March 2019

Year ended 31 March 2020

As at 31 March 2020

Property, plant and equipment up to 31 March 2017 wholly includes assets funded through capital grants. During financial years 2018 to 2020, Authority purchased assets from self generated funds. Disclosed below are the respective net book values as at 31 March 2020 and depreciation for the year then ended:

Net book value as at 31 March 2019Depreciation for the year ended 31 March 2020Depreciation for the year ended 31 March 2019

Funded by internally generated funds

Leasehold improvements	E-Books	Office equipment	Computer equipment	Furniture and fittings	Motor vehicles	Total
P	P	P	P	P	P	P
1,768,376	5,630	473,711	472,377	2,364,925	1,374,154	6,459,173
-	-	1,320,965	61,018	13,441	-	1,395,424
(398,742)	(1,543)	(180,547)	(230,646)	(497,096)	(281,669)	(1,590,243)
1,369,634	4,087	1,614,129	302,749	1,881,270	1,092,485	6,264,354
2,492,136	8,120	2,002,894	841,573	3,131,742	1,834,201	10,310,666
(1,122,502)	(4,033)	(388,765)	(538,824)	(1,250,472)	(741,716)	(4,046,312)
1,369,634	4,087	1,614,129	302,749	1,881,270	1,092,485	6,264,354
1,369,634	4,087	1,614,129	302,749	1,881,270	1,092,485	6,264,354
53,880	-	119,540	526,818	-	1,033,114	1,733,352
-	-	-	-	-	(980,346)	(980,346)
-	-	-	-	-	357,418	357,418
(400,538)	(1,543)	(405,873)	(201,761)	(495,596)	(310,071)	(1,815,382)
1,022,976	2,544	1,327,796	627,806	1,385,674	1,192,600	5,559,396
2,546,016	8,120	2,122,434	1,368,391	3,131,742	1,886,969	11,063,672
(1,523,040)	(5,576)	(794,638)	(740,585)	(1,746,068)	(694,369)	(5,504,276)
1,022,976	2,544	1,327,796	627,806	1,385,674	1,192,600	5,559,396
The wholly owned subsidiaries of the Company wholly includes assets funded through capital grants. During financial years 2018 to 2020, Authority purchased assets						
respective net book values as at 31 March 2020 and depreciation for the year then ended.						
970,892	2,544	176,828	46,811	1,239,307	296,816	2,733,198
52,084	-	1,150,968	580,995	146,367	895,784	2,826,198
1,022,976	2,544	1,327,796	627,806	1,385,674	1,192,600	5,559,396
1,349,077	4,087	326,255	112,414	1,761,561	389,065	3,942,459
20,557	-	1,287,874	190,335	119,709	703,420	2,321,895
1,369,634	4,087	1,614,129	302,749	1,881,270	1,092,485	6,264,354
378,185	1,543	149,427	65,603	522,254	92,249	1,209,261
22,353	-	256,446	136,158	(26,658)	217,822	606,121
400,538	1,543	405,873	201,761	495,596	310,071	1,815,382
318,859	1,543	88,299	84,827	378,131	96,532	968,191
79,883	-	92,248	145,819	118,965	185,137	622,052
398,742	1,543	180,547	230,646	497,096	281,669	1,590,243

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	P	P
10 Short term investments		
Short term deposits	<u>30,000,000</u>	<u>-</u>
The Authority invested in short term investments with BancABC with a maturity period of 365days.		
11 Trade and other receivables		
Levies, contributions and fees receivable	1,596,432	2,878,189
Less: Loss allowance	<u>(402,500)</u>	<u>(240,500)</u>
	1,193,932	2,637,689
Prepayments	1,454,247	885,448
Other receivables	<u>352,377</u>	<u>705,931</u>
	<u>3,000,556</u>	<u>4,229,068</u>
<i>Loss allowance</i>		
Opening balance	(240,500)	-
Provision for the year	<u>(162,000)</u>	<u>(240,500)</u>
Closing balance	<u>(402,500)</u>	<u>(240,500)</u>
Neither past due nor impaired	1,193,932	2,637,689
Past due (more than 90 days) and impaired	<u>402,500</u>	<u>240,500</u>
	<u>1,596,432</u>	<u>2,878,189</u>
Levies, contributions and fees receivable are normally collected within 90 days. Provision has been made in respect of long outstanding balances from a Casino		
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.		
12 Cash and cash equivalents		
Cash on hand	499	55
Cash at bank	7,570,147	5,168,904
Short-term deposits	<u>87,371,904</u>	<u>92,454,452</u>
	<u>94,942,550</u>	<u>97,623,411</u>

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	P	P
As at 31 March 2020, cash and cash equivalents included an amount of P79.33Mn [2019: P56.62Mn] relating to licence levy held by the Authority on behalf of the Levy Fund.		
For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:		
Cash and cash equivalents as above	94,942,550	97,623,411
Less: Licence levy received	(79,328,542)	(56,622,673)
	<u>15,614,008</u>	<u>41,000,738</u>
13 Capital Grants		
Balance at beginning of year	3,942,459	4,910,650
Amortisation of grant to income during the year	(1,209,261)	(968,191)
Depreciation of property, plant and equipment (Note 9)	(1,090,353)	(968,191)
Prior year under provision	(118,908)	-
Balance at end of year	<u>2,733,198</u>	<u>3,942,459</u>
14 Deferred income		
Government subvention		
Opening balance	10,110,700	-
Received during the year	36,987,820	41,830,440
Less: Amount utilised during the year and transferred to revenue (Note 4)	(41,730,801)	(31,719,740)
Closing balance (note 14.1)	<u>5,367,719</u>	<u>10,110,700</u>
Excessive Gambling Prevention and Rehabilitation Committee		
Opening balance	28,987,648	18,508,936
Amounts utilised during the year and transferred to other income (Note 5)	(2,025,348)	-
Contributions due for the year	9,441,244	9,443,604
Interest accrued	1,305,621	1,035,108
Closing balance (note 14.2)	<u>37,709,165</u>	<u>28,987,648</u>
Total deferred income	<u>43,076,884</u>	<u>39,098,348</u>

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

- 14.1** This refers to amounts allocated from annual subvention for National Lottery Adjudication in the 2019 financial year. The adjudication process has not been finalised and the balance relates to funds yet to be utilised as at 31 March 2020.
- 14.2** This refers to contribution collected from licensed casinos towards a programme aimed at supporting responsible gambling monitored by the Excessive Gambling Prevention and Rehabilitation Committee. The unutilised portion of contributions collected is treated as deferred income.

15 Operating lease liability

At the beginning of the year

Raised during the year

Adjustment against right of use asset on adoption of IFRS 16

At the end of the year

2020	2019
P	P
589,935	542,595
-	47,340
(589,935)	-
-	589,935

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	P	P
16 Accounts and other payables		
Fees received in advance	300,000	200,000
Accrued leave pay and gratuity	2,238,130	2,177,829
Accruals and other payable	4,104,795	2,658,535
	6,642,925	5,036,364
17 Levies payable		
Licence levy payable to Levy Fund	79,940,116	58,126,868

Levies payable represent the total amount of licence levies collected and 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.

- 18 Right of use assets**
Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, then the related right-of-use asset is depreciated over the useful life of the underlying asset as follows;

	2020	2019
	P	P
Buildings		
Initial recognition	15,583,959	-
Less: Offset of deferred lease obligation	(589,935)	-
Depreciation charge	(2,464,771)	-
Closing balance	12,529,253	-
19 Lease Liability		
Initial recognition	15,583,959	-
Interest accrual	1,177,646	-
Repayments	(4,103,787)	-
Closing balance	12,657,818	-
The weighted average incremental borrowing rate for lease liabilities initially recognised as of 1 April 2019 was 8.25% per annum.		
Current	2,166,220	-
Non-current	10,491,598	-
Total lease liability	12,657,818	-

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	P	P
19 Lease Liabilities (continued)		
The maturity of the lease liabilities is as follows:		
No later than 1 year	2,166,220	-
Later than 1 year and no later than 5 years	10,240,397	-
More than 5 years	251,201	-
	12,657,818	-
Gross lease payable	15,519,816	-
Less: Future interest	(2,861,998)	-
	12,657,818	-
20 Financial instruments by category		
The accounting policies for financial instruments have been applied to the line items below:		
Financial assets at amortised cost		
Short term investments	30,000,000	-
Trade and other receivables	1,546,309	3,343,620
Cash and cash equivalents	94,942,550	97,623,411
	126,488,859	100,967,031
Financial Liabilities at amortised cost		
Lease liabilities	12,657,818	-
Accounts and other payables	6,342,925	4,836,364
Levies payable	79,940,116	58,126,868
	98,940,859	62,963,232
21 Related party transactions		
Gambling Authority is established under Gambling Act, 2012 and is a parastatal of the Republic of Botswana.		
(a) Grant received		
Ministry of Investment Trade and Industry (Note 14)	36,987,820	41,830,440
(b) Compensation to Key management personnel		
Key management includes Members of the Board and Members of the Executive Committee. The compensation paid or payable to key management for employee services are shown below;		
Short term-employee benefits	7,980,892	6,560,655
Accrued gratuity	1,276,439	1,123,618

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

21 Related party transactions (continued)

(c) Transactions with Key management personnel

During the year, Authority sold a motor vehicle to Mr Thulisizwe Johnson (CEO) for a consideration of P350,000. Carrying value of the vehicle at the date of disposal was P622,928.

	2020	2019
	P	P
(d) Directors' Emoluments		
Mr. Thabiso Tafila	20,250	103,500
Ms. Boikanyo Mathipa	9,000	28,800
Ms. Eunice Mmono	82,800	-
Ms. Itumeleng Mareko	93,600	-
Ms. Neo Mothobi	9,000	84,600
Mr. Marvin Torto	23,400	-
Ms. Arabang Kanego	57,600	63,000
Mr. Blessed Monyatsi	99,450	81,000
Ms. Mmakome Masendu	75,600	77,400
Mr. Olebile Machete	131,850	95,400
	602,550	533,700
(e) Receivable from Key management personnel		
Mr Thulisizwe Johnson	3,284	-
Mr Thabiso Tafila	3,284	-
	6,568	-

22 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 to 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 FOR THE YEAR ENDED 31 MARCH 2020

22 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.

31 March 2020	Less than 1 year	1-5 Years	Over 5 years
	P	P	P
Trade and other payables	6,342,925	-	-
Levies Payable	79,940,116	-	-
Lease liability	3,126,320	12,140,567	252,929
	89,409,361	12,140,567	252,929
31 March 2019			
Trade and other payables	4,836,364	-	-
Levies Payable	58,126,868	-	-
	62,963,232	-	-

Credit risk

Credit risk consists mainly of cash and cash equivalents, financial assets and accounts receivable.

The Authority only deposits cash with major banks and financial institutions 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 Assets Management, BancABC, BIFM Unit Trust, IPRO Botswana and Stanlib Investment Management Services. 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. STANLIB Botswana is a joint venture between Stanbic Bank Botswana and STANLIB. IPRO Botswana is subsidiary of Investment Professionals Pty Ltd, a company in Mauritius. BIFM is 100 % owned by Botswana Insurance Holdings Limited (BIHL). Morula Capital is citizen owned company, licensed by NBIFIRA.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

22 Risk Management (continued)

Financial Risk Management (continued)

Financial assets exposed to credit risk at the year end were as follows:

	2020	2019
	P	P
Trade and other receivables	1,948,809	3,584,120
Cash at bank and short-term bank deposits		
First National Bank of Botswana Limited	7,570,147	5,168,904
African Alliance Assets Management	14,514,322	26,131,715
BancABC	37,736,136	6,528,224
BIFM Unit Trust	13,410,099	25,139,104
IPRO Botswana	20,132,359	10,203,176
Stanlib Investment Management Services	12,112,129	24,452,233
Morula Capital	19,466,859	-
	124,942,051	97,623,356

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 March 2020, 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 48,611 (2019: P39,992) lower/higher, mainly as a result of higher / lower interest income on floating rate deposits.

23 Commitments

Capital commitments

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

24 Contingent liabilities

There were no other contingent liabilities at the reporting date.

25 Events after reporting date

Levies payable

On 19 June 2020, the Ministry of Investment, Trade and Industry instructed the Authority to transfer all License Levy collected to date on behalf of the Levy Fund to a Government Bank account held at the Bank of Botswana. It was further instructed to continue depositing levies to such account until otherwise directed once the Gambling Levy Fund order is made into law.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

25 Events after reporting date (continued)

Impact of Covid-19 on the operations of the Authority and going concern

In late March 2020 Botswana confirmed domestic cases of COVID-19, a new strain of the coronavirus. Prior to this, the public health response to the COVID-19 pandemic in other countries led to business interruptions, economic turmoil and severe stock market losses.

To aid in combatting the spread of the virus in Botswana, on the 31 March 2020, His Excellency President Mokgweetsi Masisi announced a six-month national State of Emergency and a national lockdown, including “stay-at-home” orders and significant restrictions on business activity and movements, which commenced on the 3rd April 2020. The national lockdown was lifted on 21 May 2020, but the country will remain under a State of Emergency for the next six months. The consequences of these actions on the Botswana economy, combined with similar turmoil in other regional and global economies impacting on the Authority’s supply chain are expected to impact the Authority’s future results.

The Authority assessed the potential impact on future income from the Government and Casinos, working capital, credit risk and liquidity based on information available at the time of approving these annual financial statements. Based on this, the Authority determined the impact that this could have on its cash flows, and particularly

whether the Authority will have sufficient liquidity to continue to meet its obligations as these falls due. The Authority currently expects that income from the Casinos is likely to decrease, which are in the hospitality sector, which has been severely disrupted by wide-ranging travel bans. The Authority however has already received its first quarter subvention from the Government and a confirmation that the subvention for financial year 2020-21 has been cut by 5%. The Government subvention contributes more than 90% of the Authority’s income hence it is confident the subvention will be sufficient to sustain the Authority’s operations.

The receipt of subvention from the Government will shield the Authority from the negative impacts of the lock down period. Taking into account various plausible impact scenarios and information available at the time of approving the annual financial statements, the Authority assessed that it has sufficient cash and liquid assets available to meet its obligations as these fall due and to remain a going concern for the ensuing twelve months.

This situation remains highly dynamic and new impacts on the business may emerge or the anticipated impact of those identified may materially change, especially if the pandemic spreads widely and the goes on lock down again / business interruption continues for an extended period. Consequently, the Authority will continue to monitor the impact of the developing situation on its business and make appropriate adjustments to its operations as may be required.

GAMBLING AUTHORITY

DETAILED INCOME STATEMENT ENDED 31 MARCH 2020

	2020	2019
	P	P
INCOME		
Government subvention	41,730,801	31,719,740
Amortisation of capital grants	1,209,261	968,191
Rendering of services	3,633,654	3,418,959
Others	2,045,670	355,203
Interest received	300,552	229,106
	48,919,938	36,691,199
EXPENDITURE		
Advertising and promotions	623,020	426,598
Auditors remuneration	574,424	310,484
Bank charges	39,758	32,811
Cleaning	28,600	5,645
Consultancy and professional fees	6,849,481	3,127,016
Courier and postage	3,545	5,244
Depreciation	4,280,153	1,590,243
Board fees	602,550	533,700
Donations	248,636	84,665
Insurance	410,573	392,148
Interest on IFRS 16: Lease liability	1,177,646	-
Legal fees	1,032,589	470,979
Loss on disposal property, plant and equipment	272,928	-
Meeting and conference costs	2,059,232	2,184,331
Motor vehicle expenses	138,681	124,822
Office expenses	217,756	370,746
Printing and stationery	6,261	36,769
Provision for loss allowance	162,000	240,500
Rentals	2,424	3,561,196
Repairs and maintenance	54,370	17,502
Salaries and wages	20,468,438	19,841,367
Security	659,707	446,847
Staff welfare	2,445,972	1,077,808
Subscriptions	35,163	37,493
Telephone and internet	1,059,933	1,106,875
Travel and accommodation	2,497,270	3,401,899
Utility	961,194	797,260
Licensing & Monitoring	187,743	-
Responsible Gaming Costs	2,025,348	-
COVID19 Crisis Management	136,588	-
Total expenditure	49,261,983	40,224,948
Deficit for the year	(342,045)	(3,533,749)

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

Notes

Notes

“Transforming Botswana’s economy through safe gaming”



