

The author prepared this paper in 2005 with a view to provide the GREF Working Group on Technical Issues with a typical example of the sort of guidelines that regulators can develop and make available to operators in the casino industry in an attempt to assist the industry in developing internal controls and operating procedures.

The paper addresses the areas such as administrative control which includes the plan of organisation and the procedures and records that are concerned with the decision processes leading to management's authorisation of transactions; accounting control which includes the plan of organisation and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records which should provide reasonable assurances; controls to prevent the use of casino gaming for purposes of the laundering of the proceeds of crime and money associated with terrorism; and control over all matters related to the playing and operation of casino games and gaming machines on the licensed premises. The paper has not been updated to reflect any changes since the first discussion in the Working Group.

The paper has been discussed and accepted in the 2nd meeting of the GREF Working Group on Technical Issues on 24 January 2005 in London, Great Britain, and has been endorsed at the annual meeting of GREF on 12 June 2009 in Tallinn, Estonia.



CONTROL SYSTEM GUIDELINES

for

CASINO OPERATORS

1. INTRODUCTION AND OVERVIEW

1.1 Control System

A control system is defined as “**a system of internal controls and administrative and accounting procedures for the conduct of casino games by a casino operators licensee**”. The system needs to be documented and submitted to the Commission for approval in accordance with the Regulations.

The Commission reviews the control system submission (CSS) and determines whether it provides satisfactory and effective control over the operations. Any proposed changes to the control system should be submitted to the Commission at least one month prior to the effective date of the proposed changes, although in exceptional circumstances the Commission may allow a change submission at shorter notice.

If the Commission considers that the submission is not satisfactory, the licensee shall be advised in writing. This advice will include the reasons for the decision, and if the Commission believes the submission can easily be rectified to enable the approval to be given, an explanation as to how the submission may be changed. The licensee will then be invited to resubmit the submission after making the appropriate changes.

When the Commission determines that the proposed CSS or change submission is acceptable, it will notify the licensee accordingly. A licensee’s control system should be designed to provide the following:-

1. Administrative control which includes the plan of organisation and the procedures and records that are concerned with the decision processes leading to management’s authorisation of transactions.
2. Accounting control which includes the plan of organisation and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records which should provide reasonable assurances as follows :-

- i. Transactions are executed in accordance with management's general and specific authorisation, including the requirements of the legislation.
 - ii. Transactions are so recorded to permit the preparation of financial statements.
 - iii. Access to assets is permitted only in accordance with management authorisation.
 - iv. The segregation of incompatible functions so that no employee is in a position to perpetrate and conceal errors or irregularities.
3. Controls to prevent the use of casino gaming for purposes of the laundering of the proceeds of crime and money associated with terrorism.
4. Control over all matters related to the playing and operation of casino games and gaming machines on the licensed premises.

The following is an outline of the main areas which need to be covered in the CSS. This guidance note has been prepared to assist the applicant/licensee identifying the nature of the matters to be addressed in the CSS. It is not intended to be prescriptive in that it is anticipated that controls and operating procedures will vary depending on the size and nature of the business. However, the Commission will expect the applicant/licensee to prepare and format the CSS in accordance with the structure followed in this guideline note. The guidelines may be reviewed and reissued, as required.

The Commission will not expect to receive a full submission with the application for a licence. It will be sufficient for the applicant to provide an outline of the system and to explain how it intends to draw up and implement full and detailed arrangements.

The Commission will expect the licensee to have drawn up its detailed scheme and final documentation at least 30 days prior to the proposed date for commencement of operations, to allow for an evaluation to be undertaken by the Commission. Once completed, the Commission will expect the licensee to adhere to the approved scheme.

Licensees may update the system, only with the written approval of the Commission.

1.2 Definitions

Terms used in this guidance note shall have the same meaning as in the Law, Ordinance and Regulations.

2. THE CONTROL SYSTEM SUBMISSION CONTENT

SECTION 1 : INTRODUCTION

1.3 Cover Page and Table of Contents

A cover page and specimen table of contents is included as Appendix A

THE FORMAL SUBMISSION IS TO BE CONTAINED BEHIND THE ATTACHED
“CONTROL SYSTEM SUBMISSION – COVER PAGE”

EACH PAGE OF THE SUBMISSION IS TO BE NUMBERED SEQUENTIALLY AND
DATED.

1.2 Introduction / General Comment

This section should contain a brief description of licensee, eg history, structure etc, as well as a general overview of the goals and objectives and the legal system (taking into account local laws) within which the organisation operates.

SECTION 2 : STRUCTURE AND STAFF

2.1 Corporate Structure

- i) This section should include a diagrammatic representation of the corporate structure, in particular demonstrating the relationship with parent, subsidiary and associated companies and any significant investors (holders of 3% or more of issued share capital).
- ii) This should also identify all significant equity, non-equity and loan capital provided by parent and associated companies and investors, together with details of any repayment terms and security given.
- iii) The country of incorporation or residence of these parties should also be identified.

2.2 Associated Businesses

Details of any other gambling operations currently or previously carried out by the applicant or its parent, subsidiary or associated companies should be identified.

2.3 Organisational Structure

- i) The CSS should contain a chart showing the organisational structure including reporting lines.
- ii) Accompanying this chart should be a delegation list detailing the decision-making and control responsibilities of each employee who is in a position to exercise influence over or with respect to the operation of the licensee's operations.
- iii) The individual(s) responsible for ensuring compliance with requirements of the Commission should be identified in the CSS.

2.4 Job Descriptions

- i) Job descriptions for each position containing, at a minimum, the following information:
 - a) The role/objectives of the position.
 - b) The reporting relationships both internally and externally, including delegated authorities.
 - c) The major duties, controls and responsibilities of the position.
 - d) The titles of the position(s), if any, which report to this position.
 - e) The knowledge, skills, qualifications and experience required to perform the duties of the position.
- ii) All job descriptions should be allocated a position number for ease of reference.
- iii) Notification of any changes to job descriptions and/or the responsibilities that attach to a position should be given to the Commission and approval granted prior to the implementation of any change.
- iv) The information provided in the job descriptions should be sufficiently comprehensive so as to easily identify key positions of influence.

2.5 Key employees

A list of all key employees should be maintained in accordance with the Regulations.

2.6 Compliance officer

A Compliance Officer should be appointed and his/her functions and duties should be spelled out.

2.7 Staff Training

- i) The procedures for identifying the need for staff training should be recorded together with the arrangements, which are in place to provide such training.
- ii) A record of the review of such requirements together with the training undertaken should be maintained.
- iii) The licensee should provide details of the controls that exist to ensure that all staff members providing advice and assistance are suitably trained in the operations.

2.8 External Consultants

Details of the key external consultants should be included as part of the CSS. This should identify their role within the business, their relevant experience, and the nature of their contractual relationship with the business where their ongoing involvement is critical to the business. The extent to which due diligence has been performed should also be recorded.

This is likely to apply in particular to external consultants used in relation to the gaming application software and key financial systems.

2.9 Code of Conduct

The CSS should contain details of the organisation's Code of Conduct to be followed by all employees highlighting key issues such as behaviour, that may affect probity or possible actions, and behaviour that may be regarded as a conflict of interest.

2.10 Internal Office Procedures

The CSS should detail the procedures which are required to be followed with respect to the general office environment. These could include routine daily activities, and can extend to hours of operations, shifts etc.

2.11 Nominee

The CSS should state the name and contact details of the approved nominee. Arrangements for the appointment of an Alternate Nominee, should also be contained in the CSS.

The CSS should contain a copy of the contractual arrangements between the licensee and the nominee.

2.12 Emergency Procedures

Procedures for emergency situations such as bomb threat, fire evacuation, blackouts, flood evacuation riots, etc are to be described in this section.

2.13 Premises

The CSS should contain the following information at a minimum:

- i) A floor plan of the premises.
- ii) Details of the security of the premises e.g. security alarm system, monitoring system, including video surveillance and recording, access control as well as measures to ensure that security is maintained.
- iii) Computer room security including access to the room.
- iv) Details of the procedures in place to control access to the premises eg. staff/visitor identification cards, registers and the levels of access and secure areas that require notification to and approval by the Commission.
- iv) Details of emergency power arrangements in the event of a mains power outage so as to minimise the disruption to operations.
- v) Details regarding the location of the offices contemplated in Regulation 11, should be provided.
- vi) Health and safety measures.

SECTION 3 : ACCOUNTING SYSTEMS

3.1 Chart of Accounts

A full chart of accounts should be provided for the licensee's operations. Details of the procedure to be followed should a change to the Chart of Accounts be required should be provided. The person responsible for submitting the proposed change to the Commission should be nominated.

Note: A 'chart of accounts' should contain a list of all income and expenditure items contained in the nominal ledger, also showing the cost code for each item.

3.2 Internal Accounting Controls

- i) A copy of the licensee's internal accounting control procedure notes should be included as part of the application. The identification of the key features of the internal control procedures will enable the Commission to verify that suitable systems are in place. They are likely to include the following:
 - a) The use of pre-numbered and multi-copy accounting documents where appropriate.
 - b) Evidence of independent review separate from the person producing the document.
 - c) The maintenance of full and proper accounting records for the licensee.
 - d) Adequacy of controls over the safeguarding of both physical and financial assets.
 - e) The timing of procedures for the reporting of financial information to management.
 - f) Control over the expenditure of funds.
 - g) The reconciliation of customer accounts and profits and losses arising from the company's gambling activities.

- ii) The CSS should also set out the procedures for:
 - a) Periodic review and appraisal of the adequacy of the internal controls.

- b) Reporting of any material weakness in the controls to the appropriate manager.

3.3 Management Accounts

3.3.1 Internal reporting

The CSS should set out the detail and frequency of internal management reporting to be carried out by the licensee. A pro-forma of the internal management accounts should be included as part of the submission. The timetable for the preparation of these management accounts and the review of these should also be identified.

3.3.2 External reporting

Appendix B shows a pro-forma of the management accounts which will be required to be submitted by the licensee on a monthly, and quarterly basis. The Commission may vary the precise requirements of this reporting from time to time. The CSS should identify the individuals responsible for their preparation and review prior to submission.

Note: The reports should be signed by the executive officer, and each report should be submitted to the Commission by the required lodgement date.

- a) Monthly reports are due not later than the twentieth calendar day following the end of the month.
- b) Quarterly reports are due not later than one calendar month after the end of the quarter.

3.4 Budgets

The timetable for the preparation of budgets by the company and their approval by the Board of the company should be set out within the CSS.

Additionally, Appendix C sets out a pro-forma of the budget which the Commission would expect to be provided with by the start of the relevant financial period.

3.5 Accounting Policies

Accounting policies should be in accordance with GAAP and should state in which respect it is different.

All accounting policies should be stated, including where relevant:

- i) Basis of accounting
- ii) Depreciation
- iii) Foreign Currencies
- iv) Research and development
- v) Pension Costs
- vi) Leases

3.6 Internal Audit Function

- i) Details of the Internal Audit function and responsibilities should be provided including the scope of the Internal Audit function. This should include but not be limited to the following:
 - a) The review and appraisal of the adequacy of the CSS.
 - b) Review of the level of compliance with the CSS procedures.
 - c) The reporting of incidences of non-compliance with the CSS to the appropriate position in the organisation.
 - d) The reporting of any material weakness in the CSS to the appropriate position in the organisation.
 - e) The recommendation of change procedures to eliminate any material weakness in the CSS.
- ii) An audit programme for this work should be submitted to the Commission for review on a timely basis.

Note: It is expected that a Licensee would be able to produce a clear, complete and effective control system that provides a factual and accurate narrative description of the working procedures.

These audit and reporting systems should cover such matters as:

- a) Required reports.
- b) System software management, development and change controls.
- c) General controls.
- d) Legislative compliance.
- e) Control system compliance.
- f) Technical compliance (including security).
- g) Internal auditing on recurrent procedures.

3.7 Annual Audit

Details relevant to the auditors to be used for external auditing purposes should be included in the CSS.

The CSS should record the timescale for the annual audit. This should be completed within three months after the year end. Immediately after its completion, a copy of the audit report should be sent to the Commission.

Should the Auditor resign or be dismissed, the Commission should be advised in writing within 14 days of the termination, and a copy of the statement of circumstances, or a statement that no such circumstances exist should be supplied. Additionally, the timetable for the appointment of new auditors and approval by the Commission should be identified in the CSS.

3.8 Report by the External Auditor

The CSS should include details for meeting the Commission's requirement, normally, that the external auditor reports directly to the Commission on the company's compliance with the CSS, at the same time as the annual accounts are finalised.

Note: The Commission may require additional specific assets to be reported on at the same time as the annual audit. Such additional requirements will be notified by the Commission in advance of the company's year-end.

3.9 Accounting Software

The CSS should include:

- i) Details of the accounting software to be used.
- ii) Advice as to the method and frequency of fully backing-up the accounting software data.
- iii) Advice as to the short and long term storage of such data (both on premises and off-site).

Note: Accounting data entry files should be retained for a period of 7 years and should be maintained in a secure location.

3.9.1 Standard Forms

A compendium of standard forms as well as the records and documents that will be used by the licensee in the conduct of casino gaming operations should be submitted to the Commission for approval, preferably as an Appendix to the CSS.

Note: Document control should be maintained by placing document names/numbers and the revision date at the foot of each document.

3.9.2 Computer Controls

Details of the computer access controls required should be provided for the computerised accounting system.

3.10 Bank Accounts

The CSS should confirm that the following requirements are met:

- i) A licensee should maintain financial institution accounts, approved by the Commission for use for all banking or similar transactions for the operations conducted under the licence.
- ii) The licensee should not use a financial institution account approved by the Commission other than for the purpose for which it is approved.
- iii) All gaming transactions should be reconciled with the financial institutions at a frequency considered commensurate with the risk.

3.11 Account Signatories

The CSS should confirm that the following requirements are met:

- i) All instructions issued in relation to the bank account(s) should require the signatures of two of the authorised bank account signatories. The CSS should state who has the power to appoint and remove signatories.
- ii) Notification of the appointment or removal of signatories should be provided to the Commission by forwarding a copy of the complete change of signatory form issued by the bank, together with confirming identity of the signatures.

3.12 Transactions Reporting

The CSS should document the procedures to be followed to ensure compliance with requirements under any applicable Financial Transactions Reporting legislation.

3.13 Agency Arrangements

Detailed procedures will be required to describe the receipt, payment, recording and reconciliation of funds if any approved agency arrangement is in place (e.g. junket operators, security, maintenance, cleaning, etc).

Note: The Commission should approve any type of agency arrangements entered into by the licensee specifically connected with gaming.

3.14 Asset Classification and Control

3.14.1 Accountability for Assets

Details of the maintaining of an inventory of assets should be included in the CSS, and the associated procedures.

3.14.2 Information Classification

The CSS should include details of the protection of the information of the licensee. This will typically include customer records and history of transactions.

Note: It will be required of the licensee to comply with all provisions of the Data Protection Law.

SECTION 4: ANTI-MONEY LAUNDERING

The Commission fully supports the international fight against organised crime and terrorism. In particular the Commission is determined to prevent the use of casino gaming for the purpose of the laundering of the proceeds of crime and money associated with terrorism. It is expected of the both the applicant for a licence and the licensee to commit himself to this objective. This commitment is to be confirmed in the control system submission, to be approved by the Commission, prior to the licensee being allowed to exercise its license.

To meet fully its obligation under a casino licence issued by the Commission a licence holder should in preparing his anti-money laundering controls consider the following guidelines and requirements:

4.1 General requirements

- 1** (1) In conducting casino gaming a licence holder shall -
 - (a) maintain -
 - (i) identification procedures in accordance with paragraphs 2-4.
 - (ii) record keeping procedures in accordance with paragraphs 5-9.
 - (iii) internal reporting procedures in accordance with paragraph 10.
 - (iv) internal controls and communication procedures which are appropriate for the purposes of forestalling and preventing money laundering.
 - (b) take appropriate measures from time to time for the purpose of making employees aware of the procedures maintained under subparagraph (a).
and
 - (c) provide training for employees to assist in -

- (i) the recognition and handling of transactions carried out by or on behalf of, any person who is, or appears to be, engaged in money laundering.
 - (ii) dealing with customers where such transactions occur.
 - (iii) procedures to be adopted where transactions have been reported to the Financial Intelligence Service.
- (d) abide by the directions in paragraphs 14 to 19.

4.2 Identification procedures

4.2.1 Identity of prospective customer

- (1) The procedures and controls to be adopted and implemented by the licensee to ensure that the identities of persons using the licensed premises should be accurately recorded, including details of the types of identification documents that persons will be required to produce.
- (2) The CSS should contain procedures indicating what steps will be taken should satisfactory identification not be obtained.

4.3 Evidence of identity

- (1) This paragraph applies in respect of the first occasion on which a qualifying payment is to be made by a licence holder to a customer.
- (2) The licence holder shall establish and maintain procedures which require the customer to produce satisfactory evidence of his identity before making a qualifying payment to the customer.
- (3) A payment is a qualifying payment if it exceeds £10,000.

- (4) Procedures comply with this paragraph if they require that if satisfactory evidence is not produced the qualifying payment will not be made to the customer unless that evidence is produced.

4.4 **Changes in patterns of transactions**

- (1) This paragraph applies where transactions are undertaken by a customer which are significantly greater in number or value than the normal pattern of previous transactions undertaken by him.
- (2) A licence holder shall establish and maintain procedures which, as soon as reasonably practicable after the variation in the pattern of transactions-
 - (a) require satisfactory confirmation of the information as to identity provided under paragraph 4.3.
 - (b) in cases in which evidence of identity has been produced under paragraph 4.3, require satisfactory verification of the evidence of identity produced under that paragraph.
- (3) Procedures comply with this paragraph if they require that -
 - (a) should satisfactory evidence as to the customer's identify not be provided; and
 - (b) should satisfactory verification of the evidence of the customer's identity not be provided, no further transactions by him will be permitted.

4.5 **Record keeping**

- (1) Where a licence holder is required under this code to obtain information as to the identity of a person or confirm or verify such information, the licence holder shall establish and maintain a record in the Island which -
 - (a) indicates the nature of the information obtained.
 - (b) comprises a record of the information.

- (2) Where a licence holder is required under this code to obtain evidence of the identity of a person to confirm or verify that evidence, the licence holder shall maintain a record in the Island which-
 - (a) indicates the nature of the evidence obtained.
 - (b) comprises either a copy of the evidence or, where this is not reasonably practicable contains such information as would enable a copy of the evidence to be obtained.

4.6 Records of Transaction

A licence holder shall maintain a record of all transactions carried out by or on behalf of customers (for example, records sufficient to identify the source and recipient of payments from which investigating authorities will be able to compile an audit trail for suspected money laundering).

4.7 Retention of Records

- (1) A licence holder shall maintain the records required in terms of these guidelines and requirements for at least 6 years from the date when
 - (a) the person concerned formally ceases to be a customer. or
 - (b) if (a) does not apply, when the last transaction was carried out by the former customer.

- (2) If a report has been made of any suspicious transaction to the Financial Intelligence Service and/or a licence holder is aware that a matter is under investigation, the licence holder shall without prejudice to subparagraph (1), retain all relevant records for as long as required by the Financial Intelligence Service.

4.8 Format and Retrieval of Records

- (1) A licence holder shall ensure that any records required to be maintained under these guidelines are capable of retrieval without delay.

(2) A licence holder may rely on the records of a third party in respect of details of payments and transactions by customers provided that the agreement between the licence holder and the third party is conditional on the third party producing, without delay, the records which are required by the licence holder in the format required by the licence holder.

4.9 Register of Money Laundering Enquiries and Reports

- (1) A licence holder shall maintain
- (a) a register of all enquiries made of it by the Financial Intelligence Service or any other law enforcement authority.
 - (b) a register of all reports made of suspicious transactions to the Financial Intelligence Service, and
 - (c) a register recording the service of any production orders.
- (2) The registers maintained under subparagraph (1) shall be kept separate from other records and
- (a) a register maintained under subparagraph (1)(a) shall contain as a minimum the date and nature of the enquiry, the name and agency of the enquiry officer and the details of participants or transactions involved.
 - (b) the register maintained under subparagraph (1)(b) shall contain details of the date on which the report is made, the person who made the report and information sufficient to identify relevant papers.

4.10 Recognition and reporting of suspicious transactions

A licence holder shall establish written internal reporting procedures which, in relation to his casino operator's business, will-

- (a) enable all its directors or as the case may be partners, all other persons involved in its management, and all appropriate employees to know to whom they should report any knowledge of suspicions of money laundering activity.

- (b) ensure that there is a clear reporting chain under which those suspicions will be passed to the licence holder's money laundering reporting officer.
- (c) identify a money laundering reporting officer to whom a report is to be made of any information or other matter which comes to the attention of any person employed by the licence holder which in that person's opinion gives rise to knowledge or suspicion that another person is engaged in money laundering.
- (d) require the money laundering reporting officer to consider any report in the light of all other relevant information available to him for the purposes of determining whether or not it gives rise to a knowledge or suspicion of money laundering.
- (e) ensure that the money laundering reporting officer has reasonable access to any other information of assistance to him and which is available to the licence holder.
- (f) require that the information or other matter contained in a report is disclosed promptly to the Financial Intelligence Service by the money laundering reporting officer where he knows or suspects that another is engaged in money laundering.
- (g) ensure that the Commission and the Financial Intelligence Service is told the name of the money laundering reporting officer.

4.11 Staff training

A licence holder shall provide training for all directors or as the case may be, partners, all other persons involved in its management and all appropriate employees, to ensure that they are aware of-

- (a) the contents of the licence holder's licence.
- (b) the contents of these guidelines.
- (c) internal reporting procedures established under paragraph 4.10.
- (d) any personal liability if convicted of any laundering offence under the laws related to criminal justice, drug trafficking and anti-terrorism.

4.12 Training for senior and specialist staff

The licence holder shall also provide training appropriate to particular categories of staff on -

- (a) its policies and procedures to prevent money laundering.
- (b) its customer identification record keeping and other procedures.
- (c) the recognition and handling of suspicious transactions.

4.13 Refresher training

The licence holder shall make arrangements for refresher training at regular intervals (not less than annually for staff who regularly have dealings with customers) to remind staff of their responsibilities and to make them aware of any changes in the requirements of this code and legislation relating to money laundering.

4.14 Reports to the Board, etc.

The licence holder's money laundering reporting officer each quarter shall make a report in writing to the Board or partners of the licence holder concerning the measures taken in connection with these guidelines and a copy of the report shall be submitted to the Commission.

4.15 Payments to participants

- (1) Payments to customers shall only be made in accordance with these instructions.
- (2) Payments shall only be made to customers in accordance with information held, where a qualifying payment has not been made.
- (3) Where a qualifying payment has been made, all payments shall be made in accordance with the evidence held.

SECTION 5: OPERATIONAL CONTROLS

5.1 Casino Floor

- **Entrance fees**

The licensee should provide, as part of his CSS, a policy in respect of entrance fees to be charged, in the event of it being charged.

- **Identification of persons entering the casino**

The procedures and controls to be adopted and implemented by the licensee to ensure that the identities of persons using the licensed premises should be accurately recorded, including details of the types of identification documents that persons will be required to produce.

- **Staff records**

The pit records and statistical records should be complemented by records of the croupiers and inspectors responsible for each table, shift by shift, so that the staff responsible for any transaction or result that appears to require investigation can be identified.

- **Stationary and time recording**

Deposit slips and all stationery used to record the gaming results or the movement of cash or chips to or from the Cashier's cage should be pre-numbered and issued in duplicate or triplicate sets. There should be procedures to safeguard the stocks of unused stationery, and to ensure that any spoiled or unused sheets are retained with an explanatory note.

There should be procedures for recording the time of issue or use of these documents by a means that can be independently verified.

- **Signatures**

All completed documents concerning the gaming results should be supported by the signatures of at least three persons who have been responsible for compiling or confirming the

information recorded. The involvement of both senior and junior staff, and of staff who do not work closely together during a particular shift, is important. The names of the signatories should be shown on the forms in block capitals in addition to their signatures or management should keep signature records showing specimens of the signature and initials of each employee with a signatory function.

- **Records of all chips on the premise**

Detailed records should be kept of all chips held by the licensee including records of new chips purchased, movements of chips within the casino, chip shortages and the destruction of stocks of chips.

There should be a daily chip count and a comparison between the chips held and the nominal float established at an earlier date. The procedures for the review of chip count records should ensure that senior management are aware of any material fluctuations.

There should be formal written evidence, signed by at least two persons, witnessing the destruction of chips or other gaming equipment.

- **Statistics**

Records should be kept of the daily win and drop for each game and for each table so that monthly totals of drop and win can be computed and entered on a month by month summary, showing drop, win and win to drop percentages for each game and for each table as well as for the casino as a whole. These records will provide the basis for the monthly returns required by the Commission.

- **Control over multi-part documents**

There should be procedures that ensure that regular checks are conducted (and recorded) to confirm the arithmetical accuracy, numerical sequence and matching of completed copies of all documents.

- **Stakes and prizes**

In preparing controls and operating procedures in respect of stakes and prizes, attention should be given to the provisions contained in the Regulations..

5.2 Gaming Tables

o Table records

Running records of the drop at each table should be maintained. The total shown by these records should be recorded on the table results sheet for each table and confirmed by the initials of the person responsible before either the cash or chips at the table are counted. Significant discrepancies between these figures and the subsequent table results figures should be considered and reported on by the Gaming Manager.

Personnel maintaining these records should also keep a record of fills, credits, large winners or losers, large chip transfers between tables, and any other significant events. These records should be utilised at the end of the day's play in compiling an overall record of significant items, including the records required by the Code of Practice relating to the prevention and detection of Money Laundering in casinos regarding the purchase of chips by a player or group of player or suspicious transactions. These records should be reviewed and signed by the Gaming Manager and retained. Cumulative records of the wins and losses of significant customers should also be maintained. Information from the contemporaneous record of large winners should also be available to the cash cage to check the validity of large amounts of chips cashed in.

At regular intervals during play, the Manager should record the estimated table results by reference to the running records of drop and chip shortages or surpluses

o Table floats

Floats of chips at the tables should be of a constant amount from day to day and should be issued in the same denominations. Alternatively, and preferably, the opening float should be reconstituted at the end of play by the transfer of chips between the tables and the cash cage, and these transfers should be recorded by fills and credits. The reconstituted float should be kept in a locked container on the tables when not in use during gaming hours and in secure storage at all other times.

Records should be kept of the issues of opening floats to the tables, and of the checking of the container floats and of all subsequent fills, credits and exchanges.

- **Fills and credits**

Fills and credits should be recorded on pre-numbered forms in duplicate. There should be at least three signatories on the completed forms: the manager, who authorises the fill or credit; the cashier, who issues or receives the chips; and the table inspector who confirms their receipt or removal. One copy should be deposited in the table drop box and the second copy should be retained in the cash cage.

An alternative system would use a three-part form in which case the third part would be transferred to the accounts department at the end of play.

The completed sets of documents should be checked by the count team for arithmetical accuracy, numerical sequence, appropriateness of signatures, and matching of all copies. The validity of fills and credits should be tested against the pit records by persons independent of the gaming operation on a random basis.

If a three-part document is used, the subsequent check will be by the accounts department.

- **Purchase of chips**

Save in exceptional circumstances, chips may only be purchased at a table. Any purchase of chips at the cash cage should be in accordance with an established procedure and should be recorded.

- **Design of chips**

Chips should be designed and manufactured so that it is easy to distinguish the value of chips. The issuing casino or company should be identified and the chips should be purchased from certified suppliers.

- **The count**

The count may take place either at the end of play or on the following day in which case there should be provision for the secure and tamper-proof storage of drop boxes from the time of removal from the tables until the count.

The count will generally take place either on a gaming table or in a designated count room. No casino staff other than the count team, internal auditor, or some person who has been specifically authorised by a director, may be present during the count.

The count should take place in the unrestricted view of a camera and be recorded. The recording should be retained for at least seven days.

There should be written procedures for the count of cash and chips. The count for each table should be separately recorded (showing the total for each individual denomination of cash, chips, plaques, and particulars of all fills and credits) and should be carried out by a minimum of three persons, who should sign a written record of their count which should be retained. The count team will usually comprise a gaming manager, an inspector, a dealer and a cashier.

- **Table results**

Records of the table results should be compiled under the direction of the gaming manager who will check and sign them. There should be a separate record for each individual table.

5.3 Gaming Machines

Controls and operating procedures applicable to gaming machines should address the following matters:

- Registration of gaming machines;
- Transport and storage of gaming machines;
- Importation and exportation of all gaming machines and e-prom chips;
- Transport, storage and security with regard to e-prom chips;
- Maintenance of gaming machines;
- Records of gaming machines;
- Maintenance of gaming machines;

- Alterations, modifications and conversions of gaming machines and games;
- Hopper fills;
- Hard and soft counts;
- Verification of jackpots;
- Display of stakes and prizes;
- Monitoring and recording of all gaming machine transactions;
- Technical standards applicable to all gaming machines. The Commission do not intend to prescribe a technical standard for gaming machines. It will therefore be expected of the licensee to provide the Commission with an acceptable technical standard to which all machines will comply.

In considering the above, the licensee should note that the registration, importation, exportation, transportation, installation, alteration, modification, conversion of any gaming machine, may only take place with the prior written approval of the Commission.

5.4 Jackpots

The controls and operating procedures applicable to all jackpots operated in the casino should be contained in the CSS. These should, inter alia, include information relevant to the machines and games contributing to the jackpot, the basis on which the jackpot accumulates and the verification of jackpot payouts.

5.5 Equipment

- **Equipment controls**

The casino's opening procedures each day under the supervision of the Duty Manager should include equipment checks for each gaming table. These checks will include, amongst others, the inspection of the American Roulette wheel seal and wheel level, counting and examining each pack of playing cards issued, and counting chips issued to a table. A record of wheel movement and routine maintenance or manufacturer's repairs should be kept for each wheel.

Staff should be trained in observance of written procedures regarding the issue, return, replacement of damaged playing cards and destruction of used playing cards, and the issue and destruction of other consumable casino equipment such as dice.

There should be written records of the receipt from suppliers and issue of casino gaming equipment, such as playing cards and chips which include the signatures of the persons responsible.

5.6 Cashiers Cage

o Cash reserves in the cage

Cash reserves in the cage should be of a predetermined amount that is sufficient to ensure that additions to the float are not required while the casino is open for gaming, save in exceptional circumstances.

If additional funds are required they may be drawn from a separately stored and separately recorded emergency float, or from a bank or other financial institution, or in an emergency from the casino's own drop boxes following a properly conducted and recorded interim count.

o Security of cash

There should be adequate physical controls over all cash in the cash cage and in the drop boxes at the tables. Cash in the cash cage should be kept in a till, safe or vault. The cash cage door should be locked at all times during play, except to allow cash cage staff (and other specifically authorised persons) to enter or leave. Only persons authorised by the company or senior management may enter the cash cage.

Keys to the cash cage and to the drop boxes should be strictly controlled and their issue and return recorded in a log. The circumstances in which drop boxes may be removed or re-attached, and the control procedures to be applied, should be specified in writing.

o Cashier's floats

The Cashier's daily floats of cash and chips should be clearly indicated in the records. The records should ensure that, while play is in progress, the float can be accounted for in terms of cash, cheques and chips in the cage, cash deposited with or withdrawn from the bank, cheques issued from the cage, and the cage records of chips issued to the tables either as the normal initial float or as an extra float. In certain cases the float will include a liability for unused deposits held on behalf of customers.

- **Confirmation of floats**

Non-gaming management, or an internal auditor, should check the existence, quantities, and values of all the cashier's floats of cash and chips, together with the reserve stocks of cash and chips, at least twice a year on a surprise basis. Records should be kept of when these checks were carried out.

Reserve stocks of cash and chips should be kept securely with access available only to persons designated by senior management.

These independent checks should be carried out by persons other than those responsible for the detailed records referred to below.

- **Daily reconciliation**

The cashier should prepare a statement of the cash, cheques, foreign currency, traveller's cheques and chips held in the cash cage at the end of each day's play, which should include reconciliation with the opening floats. This reconciliation will incorporate the aggregate win or loss shown by the table results sheets and adjustments for such items as chip shortages and dishonoured cheques returned from the bank. The procedures and documentation should ensure that the opening floats correspond with the closing floats for the previous day.

5.7 Computer Applications

Relevant casino staff should be trained in computer functions and records should be kept of such training. Appropriate operating manuals should be provided for the reference of computer users.

Access to computer data should be protected. Access should be restricted to staff at appropriate levels, and the access granted should be authorised, recorded and periodically reviewed. A specifically named member or members of staff should have responsibility for all computer matters including security and audit trail.

There should be records of any occasional or unusual access (in particular by remote access) to computer-held data relating to members' gaming activities and other casino records. These records should include the date and time of access, particulars of the staff involved and brief details of the reason for access. There should be safeguards to prevent the manipulation of members' records.

Where a computer system records details of user access, the information so recorded should be available for inspection by the Commission on request.

5.8 Surveillance

o General Guidelines

The licensee shall install, maintain and operate at all times a surveillance system comprised of cameras, monitors, video recorders, and a video printer, that provides the coverage required by this regulation.

The surveillance system must include date and time generators that display on each videotape recording the date and time of the recorded events and the displayed date and time must not obstruct the recorded view.

All equipment that may be utilised to monitor or record views obtained by the surveillance system must be and remain located in a room used exclusively for casino surveillance purposes and the entrance to the surveillance room must be located away from the view of casino employees and the general public.

Surveillance room equipment must have total override capability over any other satellite monitoring equipment in other offices.

The Commission and its agents shall at all times be provided immediate access to the surveillance room and other surveillance areas.

The surveillance system room must be staffed and the surveillance equipment monitored at all times by trained surveillance personnel who must be employed and trained by the licensee in accordance with minimum standards approved by the Commission exclusively for surveillance purposes, and must possess knowledge of all table games and the regulations and rules pertaining to gaming operations.

The surveillance system and its equipment must be directly and securely wired in a way to prevent tampering and an auxiliary power source must be available and capable of providing uninterrupted power to the surveillance system in the event of a power loss and provide sufficient lighting to operate the surveillance system.

The video printer used in the surveillance system must possess the capability to generate instantaneously upon command, a clear, still black and white or colour copy or photograph of the images depicted on a videotape recording.

The licensee must have the capability of creating first generation copies of video surveillance tapes that are standard VHS format or other format approved by the Commission.

- **Count Rooms and Casino Cage**

The licensee shall install, maintain, and operate at all times a surveillance system that monitors and records clear unobstructed views of all areas and transactions within -

- (a) the count rooms and any area where uncounted coins are stored during the drop and count process, including walls, doors, scales, wrapping machines, coin sorters, vaults, safes, and general work surfaces; and
- (b) the casino cage, including customer windows, employees' windows, cash drawers, vaults, safes, counters, chip storage, and fill windows.

- **Table Games**

For purposes of disposing table games, the licensee shall install, maintain, and operate at all times a surveillance system that possesses the capability to monitor and record clear and unobstructed views of the following -

- (a) all table games and card room areas with sufficient clarity to permit identification of all dealers, patrons, spectators and pit personnel;
- (b) all table games or card table surfaces, including table bank trays, with sufficient clarity to permit identification of all chip, cash, dice and card values, and the outcome of the game;
- (c) roulette tables and wheels must be recorded so as to permit views of both the table and the wheel on one monitor screen;
- (d) all drop boxes and table numbers; and
- (e) all card rooms, including any drawers, cabinets and safes contained therein:

Each table shall be continuously and individually be monitored and recorded by a dedicated fixed camera while the drop box is attached to such table.

The surveillance system must have the capability to view and record simultaneously both the table game area and the table game surface.

- o **Gaming Machines**

For purposes of exposing gaming machines for play, the licensee shall install, maintain, and operate at all times a surveillance system that possesses the capability to continuously monitor and record clear, unobstructed, overall, and continuous views of all areas that contain gaming machines with sufficient clarity to identify all patrons and employees.

The licensee shall install, maintain, and operate at all times a surveillance system that possesses the capability to monitor and record clear and unobstructed views of all slot change booths, including their cash drawers, counter tops, counting machines, customer windows, and employee windows, recorded with sufficient clarity to permit identification of all transactions, cash, paperwork, patrons and employees.

- **Casino Security Offices**

The surveillance system must cover all areas of any security office wherein any persons may be detained, questioned, interviewed or interrogated by casino security officers.

Security office coverage must include both audio and video, be recorded at all times that a person is detained, questioned, interviewed or interrogated therein, and the signal must terminate in the surveillance room.

The recordings must be retained by the licensee for at least 30 days after the recorded event.

In each office or room covered by this section, a sign must be conspicuously displayed which states that the area is under constant audio and video surveillance.

- **Casino Surveillance System Equipment Malfunctions**

The licensee shall establish and maintain a written log of any and all casino surveillance system equipment malfunctions, and retain the log for at least one year after the date of the most recent entry in the log.

Each malfunction must be repaired within 24 hours of the malfunction.

If repairs are not completed within 24 hours, the licensee shall immediately submit a written report to the Commission that sets forth the reason for the delay in repair and retain the report for at least 30 days after submission to the Commission.

In the event of a malfunction of a dedicated camera, recorder or monitor, the activity, games or slot machines being viewed must be suspended or closed pending repairs.

- **Surveillance System Recording Requirements**

In addition to any other videotape recording requirements that are or may be imposed by this regulation, the licensee shall record all views, activities, and locations as the Commission may from time to time require, which shall also include all entrances and reception areas.

The licensee shall videotape record and maintain a written log of all activities observed by casino surveillance personnel that appear unusual or irregular, or that violate or appear to violate any law, ordinance and regulations, and notify the Commission immediately.

All videotape recordings produced by a surveillance system must present a clear and unobstructed view of the scene depicted thereon.

The licensee must retain all videotape recordings for at least seven (7) days after the recording is produced, unless a longer time period is required by another section of these regulations, or by order of the Commission.

Every videotape recording must be labelled by surveillance personnel with the date and time period of the recording and the areas covered by the recording, and signed by the person who made the recording, by no later than the end of the shift during which the recording was made.

- **Surveillance System Plans**

The licensee shall submit to the Commission, as part of his control system submission or upon its request a surveillance system plan for approval by the Commission.

The surveillance system plan must include a casino floor plan that shows the placement of all surveillance equipment in relation to the locations required by these regulations to be covered, and a detailed description of the casino surveillance system and its equipment.

The licensee shall not alter or modify the approved surveillance system plan contemplated in subsection (1), without the prior approval of the Commission.

The licensee shall submit to the Commission an amended plan reflecting any alteration of the surveillance system plan no later than thirty (30) days prior to the proposed alteration or such shorter period as the Commission may allow.

5.9 Retention of records

Such gaming records as specified by the Commission will be retained for a minimum period of 3 years in a manner that ensures that they are accessible to the operator's auditors, Customs and Excise representatives, and to the Commission and their representatives on request.

Certain records will have to be retained for more than three years to meet statutory requirements or to conform to casino industry codes of practice.

The casino operator will be expected to comply with the Data Protection Law

5.10 Security

The casino operator will make appropriate arrangements for security including:

- The physical security of the premises;
- The secure storage and integrity of gaming equipment;
- The safeguarding of cash and chips;
- Protection of the casino against dishonest or incompetent staff;
- Monitoring the count;
- Cash desk transactions, gaming transactions and the movement of cash and chips within the premises;
- The control of access to ensure that only authorised persons have access to the casino;
- All maintenance work within of the licensed premises; and
- Transportation and storage of casino equipment, including cards, dice, E-prom chips, etc.

5.11 Gaming Reserve Fund

The casino operator should have a separate gaming reserve of either cash or un-utilised bank facilities sufficient to ensure that customers are paid out in all circumstances and also to provide an assurance as to the operator's financial strength and stability.

The gaming reserve should only be used to pay customers their winnings when there are insufficient alternative funds available. It should be clear when the facility has been used, by how much and when it has been replenished.

The gaming reserve required, excluding the normal cage cash float, is the highest of the following:-

Roulette	5,000 x maximum stake "en plein"/single number;
Punto Banco	100 x maximum stake;
Blackjack	100 x maximum stake per box;
Craps	200 x maximum stake on a line bet; and

Baccarat 100 x maximum stake.

Where more than one table is operated for a particular game the amount required is increased by 25%, but no further increase is required if there are more than two tables.

The Commission expects a reserve that has been used to be replenished promptly.

5.12 Junket agents

The casino operator may employ junket agents to promote the business, provided that any fee or other remuneration paid to the agent is not directly related to the wins or losses of customers introduced. Details of agents used to promote the casino and details of contracts with such agents must be reported to the Commission.

5.13 Complementaries

The provision of complimentary services may be allowed. However, it will be expected of the licensee to provide the Commission with details regarding the practices used in respect of the following matters:

- Advertising
 - Sponsorships
 - Charity functions
 - Excursions/Trips
 - Staff advertising
 - Overseas advertising
 - Media coverage
- Payment or subsidisation of travel and accommodation of patrons or prospective patrons.
- Free draws.
- Gifts and hospitality.

5.14 Hours of operation

The licensee should consider the hours of operation, taking into account the provisions contained in the Regulations.

5.15 Player protection

The licensee shall as part of his control system submission provide the Commission with a code of conduct, as contemplated in the regulations, with a view to promoting responsible gaming. It is proposed that this code be prepared in consultation with Gamcare in the UK. This code should, at a minimum contain aspects such as:

- Player information;
- Education and prevention;
- Counselling; and
- Exclusion policies.

5.16 Under-aged gambling

- (1) The CSS should contain procedures to prevent under-aged persons from entering the licensed premises.
- (2) The CSS should contain procedures to be followed, should an under-aged person be detected within the licensed premises.
- (3) The CSS should policies and procedures applicable to the stakes and prizes of an under-aged gambler.

5.17 Cheaters and persons suspected of contravention

In accordance with the Regulations, the CSS should contain procedures for recording cheaters and persons suspected of contravention, including the steps to be taken to identify such persons and the procedures to be followed, should such persons be identified within the licensed premises.

5.18 Gratuities

In accordance with the Regulations, the CSS should provide for circumstances under which the payment of gratuities will be allowed.

5.19 Additional Entertainment

The CSS should contain a policy position regarding the type and quality of additional entertainment that the licensee intends to make available within the licensed premises.

5.20 Advertising

The CSS should contain the policies of the licensee with regard to advertising and the promotion of the casino.

XXXXXXXXXX GAMBLING COMMISSION

CONTROL SYSTEM SUBMISSION

Of

NAME OF LICENSEE

Prepared

In terms of the

XXXXXXXXXXXX REGULATIONS

The applicant agrees that, by making this submission to the XXXXXXXX Gambling Control Commission for evaluation, the applicant indemnifies the XXXXXXXX Gambling Control Commission of any claim whatsoever that may arise due to any part for breach of copyright, trademark, or registered name or design which may arise from the distribution of literature (such as rules of play) or the operation of approved gambling equipment. This indemnity relates to any claim from the applicant, the applicant's staff, associates, manufacturer or the applicant's supplier.

SIGNED ON BEHALF OF THE APPLICANT

--
(Signature)

-
(Print Name)

--
Date

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B. 1

Appendix B

**PROFORMA PROFIT AND LOSS ACCOUNT FOR QUARTERLY MANAGEMENT ACCOUNTS
QUARTER 2 ENDED XX/XX/XX**

	Notes	Quarter 2 Actual £	Quarter 1 Actual £	Quarter 2 Budget £	Variance Actual Q2 v Actual Q1 %	Variance Actual Q2 v Budget Q2 %
Income						
Gaming income		x	x	x	x	x
Other income	1	x	x	x	x	x
Cost of sales						
Gaming payout		x	x	x	x	x
Other costs	2	x	x	x	x	x
Licence fee		x	x	x	x	x
Gross profit		<u>x</u>	<u>x</u>	<u>x</u>	x	x
Administrative expenses						
Staff costs		x	x	x	x	x
Travel and entertaining		x	x	x	x	x
Telephone, postage, printing and stationery		x	x	x	x	x
Professional fees		x	x	x	x	x
Bank charges and credit card commissions		x	x	x	x	x

Bad debts		X	X	X	X	X
Other		X	X	X	X	X
		<u>X</u>	<u>X</u>	<u>X</u>	X	X
Establishment expenses						
Property costs		X	X	X	X	X
Depreciation	3	X	X	X	X	X
Profit/loss on disposal of fixed assets		X	X	X	X	X
Other		X	X	X	X	X
		<u>X</u>	<u>X</u>	<u>X</u>	X	X
Selling and marketing expenses						
Advertising and marketing		X	X	X	X	X
Other		X	X	X	X	X
		<u>X</u>	<u>X</u>	<u>X</u>	X	X
Total operating expenses		(x)	(x)	(x)	X	X
Operating profit	10	X	X	X	X	X
Other income/expenses						
Bank interest payable		(x)	(x)	(x)	X	X
Bank interest receivable		X	X	X	X	X
Corporation tax		(x)	(x)	(x)	X	X
		<u>(x)</u>	<u>(x)</u>	<u>(x)</u>	X	X
Net profit		<u>X</u>	<u>X</u>	<u>X</u>	X	X
Gross profit percentage		x%	x%	x%		

Net profit percentage

x%

x%

x%

B. 2

**PROFORMA BALANCE SHEET FOR QUARTERLY MANAGEMENT ACCOUNTS
AT XX/XX/XX**

	Note	Quarter 2 Actual £	Quarter 2 Budget £	Variance Actual v Budget %
FIXED ASSETS (FA)				
Intangible assets	4	x	x	x
Tangible assets	3	x	x	x
		<u>x</u>	<u>x</u>	x
CURRENT ASSETS (CA)				
Trade debtors		x	x	x
Prepayments		x	x	x
Other debtors	5	x	x	x
Other current assets	6	x	x	x
Loans to related parties	7	x	x	x
Cash at bank (excluding client accounts)		x	x	x
Cash at bank - client accounts (C)		x	x	x
Cash in hand		x	x	x
		<u>x</u>	<u>x</u>	x
CURRENT LIABILITIES (CL)				
Bank loans and overdrafts	7	x	x	x
Loans from related parties	7	x	x	x
Trade creditors		x	x	x
Amounts due to customers (ADC)		x	x	x
Directors' current accounts	7	x	x	x
Other creditors	8	x	x	x
Social security and other taxes		x	x	x
Accruals		x	x	x
Total current liabilities (CL)		<u>x</u>	<u>x</u>	x
NET CURRENT ASSETS (NCA)		<u>x</u>	<u>x</u>	x
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>x</u>	<u>x</u>	x
LONG TERM LIABILITIES (LTL)				

Bank loans and overdrafts	7	x	x	x
Directors' loans	7	x	x	x
Loans from related parties	7	<u>x</u>	<u>x</u>	x
Total long term liabilities (LTL)		x	x	x
TOTAL NET ASSETS (TNA)		<u>x</u>	<u>x</u>	x
CAPITAL AND RESERVES				
Called up share capital		x	x	
Profit and loss account		x	x	
SHAREHOLDERS' FUNDS	9	<u>x</u>	<u>x</u>	

B. 3

**PROFORMA CASH FLOW STATEMENT FOR QUARTERLY MANAGEMENT ACCOUNTS
QUARTER ENDED XX/XX/XX**

	Note	Quarter 2 Actual £	Quarter 2 Budget £	Variance Actual v Budget %
NET CASH INFLOW FROM OPERATING ACTIVITIES	10	x	x	x
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Income from investments		x	x	x
Interest paid		x	x	x
Interest received		x	x	x
Net cash outflow from returns on investments and servicing of finance		x	x	x
TAXATION				
Corporation tax paid		(x)	(x)	(x)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payments to acquire tangible fixed assets or investments		(x)	(x)	(x)
Receipts from sale of tangible fixed assets or investments		x	x	x
Net cash outflow for capital expenditure And financial expenditure		(x)	(x)	(x)
EQUITY DIVIDENDS PAID		(x)	(x)	(x)
NET CASH(OUTFLOW)/INFLOW BEFORE FINANCING		x	x	x

FINANCING

Issue of ordinary share capital		x	x	x
Loans from (to) related parties		x	x	x
Net cash inflow from financing		<u>x</u>	<u>x</u>	<u>x</u>
INCREASE IN CASH	11	<u>x</u>	<u>x</u>	<u>x</u>

B. 4

**PROFORMA NOTES TO QUARTERLY MANAGEMENT
ACCOUNTS
QUARTER ENDED XX/XX/XX**

1 Other income

A breakdown of other trading income exceeding £10,000 should be included.

2 Other costs

A breakdown of other costs of sales exceeding £10,000 should be included.

3 Tangible fixed assets

	Computer software £	Computer equip't £	Fixtures & fittings £	Motor vehicles £	Land & Buildings £	Total £
Cost or valuation						
At xx/xx/xx (beginning of quarter)	x	x	x	x	X	x
Additions	x	x	x	x	X	x
Disposals	(x)	(x)	(x)	(x)	(x)	(x)
At xx/xx/xx (end of quarter)	x	x	x	x	X	x
Depreciation						
At xx/xx/xx (beginning of quarter)	x	x	x	x	X	x
Provided during the quarter	x	x	x	x	X	x
Disposals	(x)	(x)	(x)	(x)	(x)	(x)
At xx/xx/xx (end of quarter)	x	x	x	x	X	x
Net book value						
At xx/xx/xx (beginning of quarter)	x	x	x	x	X	x
At xx/xx/xx (end of quarter)	x	x	x	x	X	x

4 Intangible fixed assets

	Licence £	Other £	Total £
Cost or valuation			
At xx/xx/xx (beginning of quarter)	x	X	x
Additions	x	X	x
Disposals	(x)	(x)	(x)
At xx/xx/xx (end of quarter)	<u>x</u>	<u>X</u>	<u>x</u>
Amortisation			
At xx/xx/xx (beginning of quarter)	x	X	x
Charge for the quarter	x	X	x
Disposals	(x)	(x)	(x)
At xx/xx/xx (end of quarter)	<u>x</u>	<u>X</u>	<u>x</u>
Net book value			
At xx/xx/xx (beginning of quarter)	x	X	x
At xx/xx/xx (end of quarter)	<u>x</u>	<u>X</u>	<u>x</u>

5 Other debtors

A breakdown of other debtors exceeding £10,000 should be included.

6 Other current assets

A breakdown of other current assets exceeding £10,000 should be included.

7 Loans

The name of lender or borrower, repayment terms and interest payable should be provided for each loan.

8 Other creditors

A breakdown of other creditors exceeding £10,000 should be included.

9 Reconciliation of movement on shareholders' funds

	£
Profit for the year to date	X
Dividends	(X)
	<hr/> X
New share capital subscribed	X
Other movements in reserves	X
	<hr/> X
Shareholders' funds at beginning of quarter	X
	<hr/>
Shareholders' funds at end of quarter	<u>X</u>

10 Reconciliation of operating profit to net cash inflow from operation activities

Operating profit	X
Depreciation charges	X
Profit/loss on disposal of fixed assets	X
(Increase)/decrease in debtors	X
Increase/(decrease) in creditors	X
	<hr/>
Net cash inflow from operation activities	<u>X</u>

11 Reconciliation of net cash flow to movement in net debt

Increase in cash in quarter	X
Cash outflow from decrease in debt financing	X
	<hr/>
Change in net debt resulting form cash flows	X
Net debt at beginning of quarter xx/xx/xx	X
	<hr/>
Net debt at end of quarter xx/xx/xx	<u>X</u>

C. 1

**PROFORMA FORECAST PROFIT & LOSS
ACCOUNT
YEAR ENDED XX/XX/XX**

	Total	Quarter	Quarter	Quarter	Quarter
	£	4	3	2	1
	£	£	£	£	£
Income					
Gaming income	X	X	X	X	X
Other income	X	X	X	X	X
Cost of sales					
Gaming payout	X	X	X	X	X
Other costs	X	X	X	X	X
Licence fee	X	X	X	X	X
Gross profit	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Administrative expenses					
Staff costs	X	X	X	X	X
Telephone, postage, printing and stationery	X	X	X	X	X
Professional fees	X	X	X	X	X
Bank charges	X	X	X	X	X
Travel and entertaining	X	X	X	X	X
Bad debts	X	X	X	X	X
Other	X	X	X	X	X
	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Establishment expenses					
Property expenses	X	X	X	X	X
Depreciation	X	X	X	X	X
Profit/loss on disposal of fixed assets	X	X	X	X	X
Other	X	X	X	X	X
	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Selling and marketing expenses					

Advertising and marketing	X	X	X	X	X
Other	X	X	X	X	X
	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Total operating expenses	(X)	(X)	(X)	(X)	(X)
Operating profit	X	X	X	X	X
Other income/expenses					
Bank interest payable	(X)	(X)	(X)	(X)	(X)
Bank interest receivable	X	X	X	X	X
Corporation tax	(X)	(X)	(X)	(X)	(X)
Net profit	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Gross profit percentage	x%	x%	x%	X%	x%
Net profit percentage	x%	x%	x%	X%	x%
Change in income from previous quarter		x%	x%	X%	x%
Change in net profit from previous quarter		x%	x%	X%	x%

C. 2

**PROFORMA FORECAST BALANCE SHEET
YEAR ENDED XX/XX/XX**

	Note	Qtr 4 £	Qtr 3 £	Qtr 2 £	Qtr 1 £
FIXED ASSETS (FA)					
Intangible assets	4	X	X	X	X
Tangible assets	3	X	X	X	X
		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
CURRENT ASSETS (CA)					
Trade debtors		X	X	X	X
Prepayments		X	X	X	X
Other debtors	5	X	X	X	X
Other current assets	6	X	X	X	X
Loans to related parties	7	X	X	X	X
Cash at bank (excluding client accounts)		X	X	X	X
Cash at bank - client accounts (C)		X	X	X	X
Cash in hand		X	X	X	X
		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
CURRENT LIABILITIES (CL)					
Bank loans and overdrafts	7	X	X	X	X
Loans from related parties	7	X	X	X	X
Trade creditors		X	X	X	X
Amounts due to customers (ADC)		X	X	X	X
Directors' current accounts	7	X	X	X	X
Other creditors	8	X	X	X	X
Social security and other taxes		X	X	X	X
Accruals		X	X	X	X
Total current liabilities (CL)		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
NET CURRENT ASSETS (NCA)					
		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		X	X	X	X
LONG TERM LIABILITIES (LTL)					
Bank loans and overdrafts	7	X	X	X	X
Directors' loans	7	X	X	X	X
Loans from related parties	7	X	X	X	X

Total long term loans (LTL)	X	X	X	X
TOTAL NET ASSETS (TNA)	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
CAPITAL AND RESERVES				
Called up share capital	X	X	X	X
Profit and loss account	X	X	X	X
SHAREHOLDERS' FUNDS	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

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C. 3

**PROFORMA FORECAST CASH FLOW STATEMENT
YEAR ENDED XX/XX/XX**

	Note	Quarter 4 £	Quarter 3 £	Quarter 2 £	Quarter 1 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	10	x	x	x	x
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Income from investments		x	x	x	x
Interest paid		x	x	x	x
Interest received		x	x	x	x
Net cash outflow from returns on investments and servicing of finance		x	x	x	x
TAXATION					
Corporation tax paid		(x)	(x)	(x)	(x)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible fixed assets or investments		(x)	(x)	(x)	(x)
Receipts from sale of tangible fixed assets or investments		x	x	x	x
Net cash outflow for capital expenditure and financial expenditure		(x)	(x)	(x)	(x)
EQUITY DIVIDENDS PAID		(x)	(x)	(x)	(x)
NET CASH(OUTFLOW)/INFLOW BEFORE FINANCING		x	x	x	x
FINANCING					
Issue of ordinary share capital		x	x	x	x
Loans from (to) related parties		x	x	x	x
Net cash inflow from financing		x	x	x	x

INCREASE IN CASH

11	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
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C. 4

**PROFORMA NOTES TO THE FORECAST MANAGEMENT ACCOUNTS
YEAR ENDED XX/XX/XX**

1 Other income

A breakdown of other trading income exceeding £10,000 by quarter should be included.

2 Other costs

A breakdown of other costs of sales exceeding £10,000 by quarter should be included.

3 Tangible fixed assets

	Computer software £	Computer equipment £	Fixtures & fittings £	Motor vehicle £	Land & building £	Total £
Cost or valuation						
At xx/xx/xx (beginning of year)	x	x	x	x	x	x
Additions (by quarter)	x	x	x	x	x	x
Disposals (by quarter)	(x)	(x)	(x)	(x)	(x)	(x)
At xx/xx/xx (end of year)	x	x	x	x	x	x
Depreciation						
At xx/xx/xx (beginning of year)	x	x	x	x	x	x
Provided during each quarter	x	x	x	x	x	x
Disposals (by quarter)	(x)	(x)	(x)	(x)	(x)	(x)
At xx/xx/xx (end of year)	x	x	x	x	x	x
Net book value						
At xx/xx/xx (beginning of year)	x	x	x	x	x	x
At xx/xx/xx (end of each quarter)	x	x	x	x	x	x

4 Intangible fixed assets

	Licence	Other	Total
	£	£	£
Cost or valuation			
At xx/xx/xx (beginning of year)	x	x	x
Additions (by quarter)	x	x	x
Disposals (by quarter)	(x)	(x)	(x)
At xx/xx/xx (end of year)	x	x	x
Amortisation			
At xx/xx/xx (beginning of year)	x	x	x
Charge for each quarter	x	x	x
Disposals (by quarter)	(x)	(x)	(x)
At xx/xx/xx (end of year)	x	x	x
Net book value			
At xx/xx/xx (beginning of year)	x	x	x
At xx/xx/xx (end of each quarter)	x	x	x

5 Other debtors

A breakdown of other debtors exceeding £10,000, by quarter should be included.

6 Other current assets

A breakdown of other current assets exceeding £10,000, by quarter should be included.

7 Loans

The name of lender or borrower, repayment terms and interest payable should be provided for each loan.

8 Other creditors

A breakdown of other creditors exceeding £10,000, by quarter should be included.

9 Reconciliation of movement on shareholders' funds

	£
Profit for each quarter	X
Dividends	<u>(X)</u>
	X
New share capital subscribed	X
Other movements in reserves	<u>X</u>
	X
Shareholders' funds at beginning of year	<u>X</u>
Shareholders' funds at end of year	<u><u>X</u></u>

1 Reconciliation of operating profit to net cash inflow from operation activities for each 0 quarter

Operating profit	X
Depreciation charges	X
Profit/loss on disposal of fixed assets	X
(Increase)/decrease in debtors	X
Increase/(decrease) in creditors	X
	<u> </u>
Net cash inflow from operation activities	<u><u>X</u></u>

1 Reconciliation of net cash flow to movement in net debt for each quarter

Increase in cash in quarter	X
Cash outflow from decrease in debt financing	X
	<u> </u>
Change in net debt resulting form cash flows	X
Net debt at beginning of quarter xx/xx/xx	X
	<u> </u>
Net debt at end of quarter xx/xx/xx	<u><u>X</u></u>

