



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

National Lottery Fund

I have audited the National Lottery Fund Account for the year ended 31 December 2014 under the National Lottery Act 2013. The Account comprises a receipts and payments account, a reserve account and related notes.

Responsibilities of the Regulator of the National Lottery

The Regulator is responsible for the preparation of the account and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the account and report on it in accordance with applicable law.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of Audit of the Account

An audit involves obtaining evidence about the amounts and disclosures in the account, sufficient to give reasonable assurance that the account is free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the account, and
- the overall presentation of the account.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

Opinion on the account

In my opinion, the account properly presents the balance at 31 December 2014 and the transactions for 2014.

In my opinion, proper books of account have been kept by the Regulator of the National Lottery. The account is in agreement with the books of account.

Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- I find there are other material matters relating to the manner in which public business has been conducted.

Report on application of National Lottery proceeds 2014

Chapter 7 of my Report on the Accounts of the Public Services for 2014 sets out the manner of accounting by central government for the application of proceeds of the National Lottery Fund.

Seamus McCarthy
Comptroller and Auditor General
24 December 2015

**NATIONAL LOTTERY FUND ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

ACCOUNT OF RECEIPTS AND PAYMENTS

		2013		2014	
	Note	€'000	€'000	€'000	€'000
Received from the operators*	4		545,300		558,480
less:					
Paid to the operators in respect of:	5				
Prizes		290,900		308,336	
Operators' expenses		55,880	346,780	60,554	368,890
			<u>198,520</u>		<u>189,590</u>
Investment Interest Received	7		64		55
Audit Fee paid			<u>0</u>		<u>(8)</u>
			198,584		189,637
Transferred to the Central Fund	8		<u>(210,000)</u>		<u>(178,000)</u>
Increase/(Decrease) in Investment transferred to (from) Reserve			<u>(11,416)</u>		<u>11,637</u>

* = An Post National Lottery Company was the operator of the National Lottery until 29 November 2014.
Premier Lotteries Ireland Limited commenced as operator on 30 November 2014 under a twenty year licence.

RESERVE ACCOUNT

		2,013	2,014
		€'000	€'000
Balance on deposit at 1 January		57,036	45,620
Increase/ (Decrease) in Investment		<u>(11,416)</u>	<u>11,637</u>
Balance on deposit at 31 December	7	45,620	57,257
less:			
Net balance due to An Post National Lottery Company	9	(30,692)	(17,172)
Balance retained in respect of historic expired prizes	10	0	(16,092)
Liability for Regulator Fee	11	<u>0</u>	<u>(132)</u>
Balance available for distribution through the Central Fund	8	<u>14,928</u>	<u>23,861</u>

Notes 1 to 13 form part of these Accounts



Liam Sloyan
Regulator of the National Lottery
21 December 2015

NOTES TO THE ACCOUNTS

1. The National Lottery

The National Lottery established in 1986, continues in accordance with the National Lottery Act 2013 ("the Act"). Under the Act, the previous operator, An Post National Lottery Company ("the Company"), a subsidiary of An Post, continued to operate the lottery until 29 November 2014. On 30 November 2014 Premier Lotteries Ireland Limited ("PLI"), an Irish registered company, commenced as operator under a licence ("the Licence") granted by the Minister for Public Expenditure and Reform on 27 February 2014. In respect of 2014, the Company and PLI are referred to as the operators.

2. The National Lottery Fund

The National Lottery Fund ("the Fund"), established under the National Lottery Act 1986, continues in being by virtue of Section 44 of the National Lottery Act 2013. Under Section 7 of the Act, the Regulator of the National Lottery was appointed by the Minister for Public Expenditure and Reform with effect from 17 November 2014. In accordance with Section 44 of the Act, the Regulator manages and controls the Fund.

The Fund receives proceeds of the National Lottery from the operators, pays amounts in respect of the operators' entitlements under the licences, prizes and the Regulator's annual levy, and transfers funds, at intervals determined by the Minister, to the Exchequer (after appropriate provision for prospective or contingent liabilities) for application for purposes set out in the Act. In accordance with clause 6.2 of the Licence, the Regulator operates the National Lottery Fund account in the Central Bank of Ireland.

3. Accounts of the Fund

The accounts detail amounts received and issued during the year under review together with an analysis of the balance held at the year end. Under Section 44 of the National Lottery Act 2013, the accounts of the Fund are required to be audited by the Comptroller and Auditor General, and a copy of an abstract of the accounts so audited together with a copy of the report of the Comptroller and Auditor General thereon is to be laid by the Regulator before each House of the Oireachtas.

4. Amounts received from the operators

As required by the Act (and previously as required by the National Lottery Act, 1986), amounts received from the operators comprised ticket sales proceeds less agents' remuneration and small prizes.

5. Amounts paid to the operators

The amounts in respect of prizes for winning tickets (other than small prizes paid by retailers) and the entitlements of the operators as calculated under the terms of the licences were claimed by and paid to the operators.

6. Analysis of amounts received from and paid to the operators

An analysis of amounts received from and paid to the operators is as follows:-

	<i>An Post National Lottery Company (to 29 November 2014) €'000</i>	<i>Premier Lotteries Ireland Limited (from 30 November 2014) €'000</i>	<i>Total €'000</i>
Received from the operators	534,185	24,295	558,480
Paid to the operators in respect of:			
Prizes	268,385	39,951	308,336
Operators' expenses	57,323	3,231	60,554
	208,477	(18,887)	189,590

7. Investments of the Fund

All moneys of the Fund are held in a deposit account maintained at the Central Bank of Ireland. Interest is calculated on a daily basis, and paid twice yearly. Interest accrued and unpaid at the year-end amounted to €36,015.

8. Transfers to Central Fund

Following provision for current liabilities of the Fund and any prospective or contingent liabilities, the Regulator arranges the transfer of funds during the year, at intervals determined by the Minister, from the National Lottery Fund to the Central Fund. The allocation of Central Fund moneys to beneficiaries is voted by the Oireachtas through the annual Estimates process and moneys are issued during the year and accounted for through the Appropriation Accounts.

9. Net Balance due to An Post National Lottery Company ("the Company")

The transfers between the Company and the National Lottery Fund as described in Notes 4 and 5 above were made on a day-to-day basis up to 29 November 2014 (date on which the Company ceased to operate the National Lottery), based on the cash position.

Following completion of the annual audit of the Company, which included provision for costs associated with termination of operations under its licence, the estimated balance due to the Company at the year end was €17.172m. Subsequent to the year end the Company has invoiced the Fund in respect of such costs arising.

10. Balance retained in respect of historic expired prizes

At the year end, an amount of €16,091,653 is recognised as a restriction on funds available for distribution. This amount is in respect of expired prizes arising under the previous licence with the Company.

The availability of these funds for distribution is restricted pending determination of the liability for this amount. The determination is subject to ongoing consultation by the Regulator with the Department of Public Expenditure and Reform and with the current operator.

11. Liability for Regulator Fee

In accordance with the National Lottery Act 2013, the licence provides for the payment by PLI of an annual levy to the Regulator to meet expenses properly incurred by the Regulator. Such amounts are deducted from payments to PLI and are retained in the Fund for payment to the Regulator. The amount due to the Regulator at the year end is €131,507 and is in respect of the period from commencement of the new licence (30 November 2014) to 31 December 2014.

12. Net balance with Premier Lotteries Ireland Limited ("PLI")

At the year end, the Fund had no liability to the current operator PLI. Certain amounts were payable by PLI to the Fund. An amount of €1,962,802 was repaid by PLI in November 2015. Further amounts are currently under discussion. These amounts are not recognised in the 2014 accounts as the accounts are presented on a receipts and payments basis, except for the recognition of liabilities of the Fund. Determination of amounts due from PLI is subject to ongoing discussions by the Regulator with the Department of Public Expenditure and Reform and with PLI.

13. Approval of the National Lottery Fund Account

The National Lottery Fund Account in respect of the year ended 31 December 2014 was approved by the Regulator on 21 December 2015.