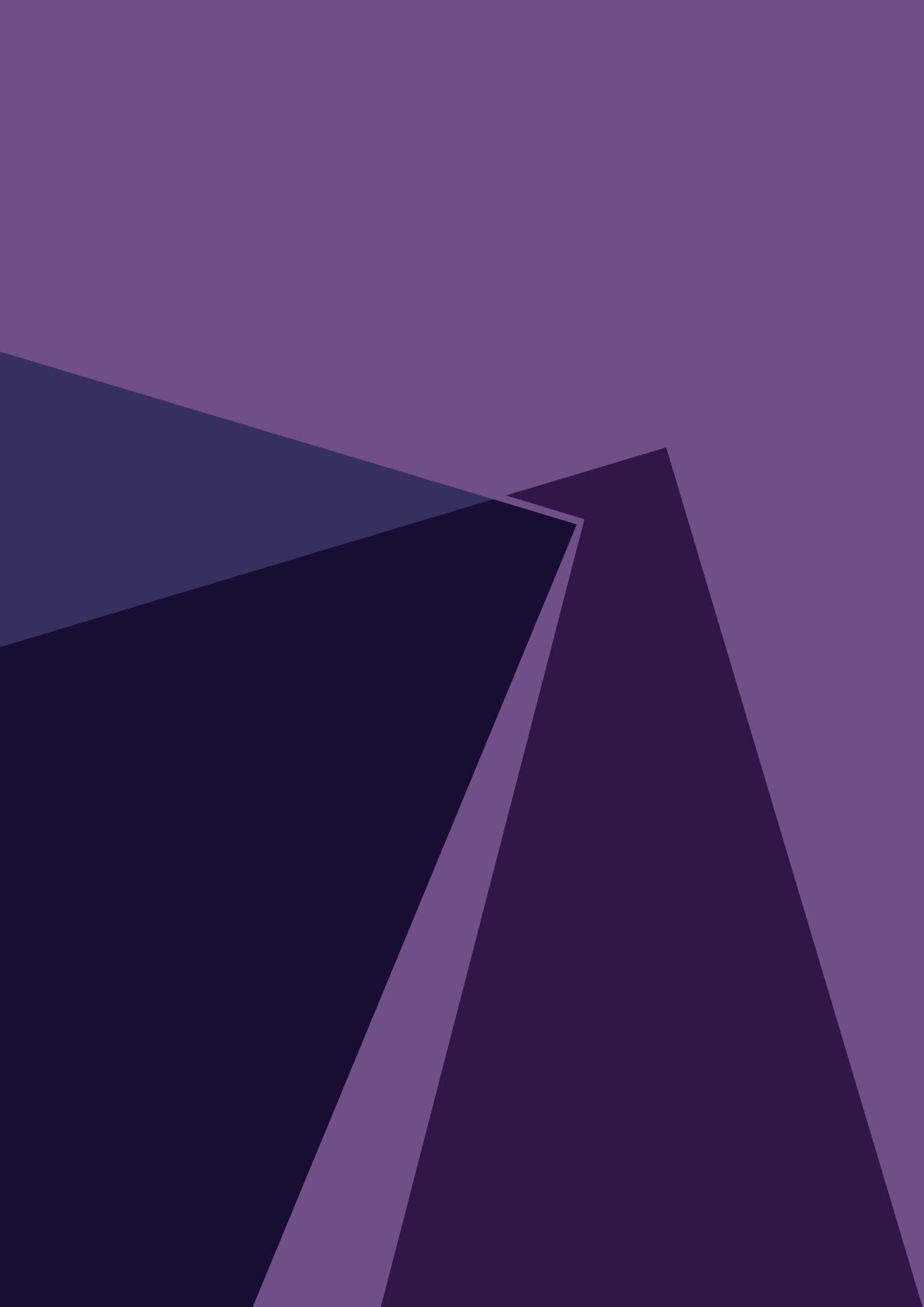




Rialálaí an Chrannchuir Náisiúnta
Regulator of the National Lottery

ANNUAL REPORT AND ACCOUNTS

2015



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1.1 Regulator's Statement



Liam Sloyan
Regulator of the
National Lottery

In accordance with Sections 22 and 44 of the National Lottery Act 2013 ("the Act"), I am pleased to present the Annual Report and Accounts for the Regulator of the National Lottery and the National Lottery Fund for the year ended 31 December, 2015.

The National Lottery is enjoyed regularly by more than by 40% of the adult population. Over the 29 years of its existence, up to the end of 2015, it has raised more than €4.5 billion for Good Causes. During 2015, €193.3 million was transferred to support Good Causes, averaging €3.7 million per week.

The year 2015 was a very notable one for this important national institution. It was the first full year following the transition to a new regulatory regime, involving new legislation and a new Licence to Operate the National Lottery ("the Licence"); the establishment of the Office of Regulator; and the transition to a new Operator, Premier Lotteries Ireland DAC ("the Operator") with associated systems changes.

I commenced as the first Regulator of the National Lottery on 17 November, 2014, just prior to the transition to the new Operator and the new Licence. The Office of Regulator was established to independently regulate the National Lottery with the objectives of ensuring the propriety and sustainability of the Lottery, that the interests of participants are protected and, subject to these objectives, that funds for good causes are maximised.

During the year, I recruited a professional team and together we have established and applied a robust operational infrastructure. This infrastructure incorporates people, systems, processes and controls focused on carrying out our statutory functions, including to monitor and enforce compliance; to consider schemes for lottery games and other requests for approval from the Operator; and to manage and control the National Lottery Fund. The recruitment of staff and the establishment of an operational infrastructure took time and I am grateful to the Department of Public Expenditure and Reform for the assistance and support provided over this period.

In 2015, we oversaw the continued transition to a new Operator and a new regulatory regime; monitored compliance with the Licence; considered 30 requests for approval from the Operator; and managed and controlled gross cashflows through the National Lottery Fund exceeding €400m, with €193.3m transferred to the Exchequer to fund good causes. In carrying out our statutory functions we remain focused on our objectives of propriety, sustainability, player protection and, subject to the foregoing, maximising funds for good causes, while also being aware of environmental and market challenges and opportunities for the Lottery.

One notable challenge that arose during the transition related to outages in the availability of terminal services to sell tickets, particularly in the first quarter of 2015. During this period there were a number of technological outages, one of which resulted in the postponement of a Lotto draw. I received reports from the Operator and engaged closely with it in relation to its information and communications technology systems and its governance and control framework. My Office continues to engage closely with the Operator in this context. Overall in 2015, retailer terminals were available to sell tickets for 99.65% of sales hours.

The National Lottery itself continues to evolve and 2015 saw a number of significant changes including the introduction of 17 new or amended lottery games, notably the development and repricing of the Lotto Game, the reintroduction of online Interactive Instant Win Games and the return of the Christmas Millionaire Raffle.

I am pleased to recognise the work and dedication of my colleagues in the Office of the Regulator of the National Lottery. I also wish to thank Mr Brendan Howlin TD, Minister for Public Expenditure and Reform in 2015, the new Minister, Mr Paschal Donohoe TD and officials of the Department for their support and assistance.

Liam Sloyan
Regulator of the National Lottery

1.2 Management Team

The Office of the Regulator of the National Lottery was established under the National Lottery Act 2013 and the first Regulator was appointed by the Minister for Public Expenditure and Reform on 17 November 2014. The Regulator and senior management team are:



Mr. Liam Sloyan
Regulator of the National Lottery

Mr. Sloyan is a Fellow of the Society of Actuaries in Ireland and a Fellow of the Institute of Actuaries in the UK. He holds a Master's degree in Mathematics and Statistics. Before being appointed Regulator of the National Lottery he was Chief Executive of the Health Insurance Authority, the statutory body responsible for the regulation of the private health insurance market. Prior to that he worked in finance, compliance and risk management in the insurance industry.



Mr. Cian O'Sullivan
Head of Legal and Compliance

Mr. O'Sullivan is a member of the Law Society of Ireland having qualified as a solicitor in 2001. He holds Bachelor of Civil Law and Master of Laws Degrees as well as post qualification diplomas awarded by the Law Society of Ireland, the Irish Taxation Institute and the Life Insurance Association. Before being appointed Head of Legal and Compliance he acted as an inspector with the Office of the Revenue Commissioners. Prior to that he worked in legal and compliance in a large insurance company and in a leading law firm.



Mr. Derek Donohoe
Deputy Regulator of the National Lottery / Head of Audit & Finance

Mr. Donohoe is a Fellow of Chartered Accountants Ireland and holds a Diploma in Forensic Accounting. He has over 30 years of experience in accounting and auditing matters. He is a former partner in a leading Irish accountancy practice with significant experience in the areas of auditing, financial reporting, forensic accounting, corporate governance, compliance and due diligence reviews. He provided audit and compliance services to a portfolio of regulated entities in the financial sector for many years.



Ms. Siobhan Phillips
Head of Player Protection and Research

Ms. Phillips is a Registered Psychologist with the Psychological Society of Ireland and holds M.Sc., H.Dip and BA(hons) degrees in Psychology. Prior to joining the Regulator of the National Lottery, she was Head of Research Infrastructures and Evaluation at the European Science Foundation. She has had a long professional career in public policy research and evaluation as a consultant and evaluation specialist and has published many reports in Ireland and internationally. She was Head of the EU Structural Funds Industry Evaluation Unit at the Department of Enterprise Trade and Employment for several years and was also a Programme Evaluator for the European Social Fund.



Ms. Suzanne Lambe
Corporate Affairs Manager

Ms. Lambe is a member of Certified Public Accountants Ireland and holds a Post Graduate Certificate in Project Management. She has over 10 years' public sector experience in finance, accounting and auditing. Before joining the Regulator of the National Lottery Ms. Lambe was the Finance Officer with the Teaching Council, the regulatory body for teachers. Prior to that she held a number of positions in finance, accounting and administration within the private sector.



Mr. David Scott
Accountant

Mr. Scott is a member of the Chartered Institute of Public Finance and Accountancy and holds a Bachelor of Science degree in Mathematics. He has over 20 years' experience in finance, accounting and auditing. Before joining the Regulator of the National Lottery Mr. Scott was Finance and Administration Manager with the Citizens Information Board, regulating grant-funded entities. Prior to that he held positions in the third-level education and local government sectors in Ireland and the UK.

1.3 Functions of the Regulator

The Office of Regulator of the National Lottery was established by Ministerial Order on 27 February 2014, which commenced the National Lottery Act 2013 (“the Act”). The Regulator was appointed by the Minister for Public Expenditure and Reform and commenced on 17 November 2014.

The functions of the Regulator are described in the Act and include the following:

- ▶ To procure the holding of the National Lottery
- ▶ To oversee the operation of the National Lottery and to monitor and enforce compliance with the Act and the Licence
- ▶ To consider for approval certain matters relating to the National Lottery (including schemes for National Lottery games)
- ▶ To manage and control the National Lottery Fund
- ▶ To exercise the enforcement rights of any trademark of the National Lottery

For full details please refer to the Act.

The Regulator is required to carry out these functions in a manner most likely to ensure –

- a) that the National Lottery is run with all due propriety,
- b) that the interests of participants in the National Lottery are protected,
- c) that the long term sustainability of the National Lottery is safeguarded, and
- d) subject to a) to c), to ensure revenues allocated to the Central Fund for disbursement for the purposes permitted by the Act (“good causes”) are as great as possible, subject to the terms of the licence.

The Regulator shall, subject to the National Lottery Act, be independent in the performance of his functions.

Publication of Licence to Operate the National Lottery

Section 28 of the Act provides that the Regulator shall publish details of a Licence or a Code of Practice under it but that the Regulator would not publish any details deemed to be commercially sensitive unless the Regulator considered that there was an overriding public interest compelling him to do so. Where the Regulator proposed to publish details deemed to be commercially sensitive he was required to consult with the Operator prior to publication.

The Regulator deemed that the Licence contained commercially sensitive information and, during 2015, consulted with the Operator in relation to publication. The Regulator carefully considered the submissions made by the Operator.

On 17 February, 2016, the Regulator published details of the Licence on his website, subject to some limited redactions.

1.3.1 Oversight of the Operator

Section 9(4) of the Act provides that the Regulator shall monitor and enforce compliance by the Operator with the Act and the Licence.

The Regulator monitors the activities of the Operator in accordance with his statutory objectives to ensure that the National Lottery is run with all due propriety; that interests of participants are protected; that the sustainability of the National Lottery is safeguarded; and, subject to the foregoing, that returns for good causes are maximised. This oversight includes the following:

- ▶ Ongoing access to and analysis of data from the Operator's business systems.
- ▶ Oversight of processes and controls applied by the Operator.
- ▶ Receipt and consideration of reports and returns received from the Operator.
- ▶ Regular meetings with the Operator.
- ▶ In addition, the Office of the Regulator of the National Lottery conducts ad hoc reviews and investigations and issues requests for reports or information in relation to certain matters

The Regulator also conducted reviews of the Operator's operations, governance and controls and oversaw the implementation of enhancements by the Operator, inter alia, in relation to risk management, internal audit and governance of information and communication technology.

Information Technology Outages

In late January and February of 2015 there were a number of significant outages of the Operator's retail network. Most notably, on 4 February 2015 most of the retail network was impacted for several hours, leading to a decision by the Operator to postpone that evening's Lotto draw to the following day in accordance with the game rules.

The Regulator received reports from the Operator and engaged closely with it in relation to enhancements to its information and communications technology systems and its governance and control framework. There is a need for the Operator to apply a process of continuous review and improvement in respect of these systems and the Regulator continues to engage closely with the Operator in this context. Overall in 2015, retail terminals were available to sell tickets for 99.65% of sales hours.

Lotto 6 / 47

In September 2015, the Operator introduced changes to the Lotto and Lotto Plus games, including increasing the price from €1.50 to €2 per line for Lotto and increasing the number of balls in the draw from 45 to 47. While price is a matter for the Operator under the National Lottery Act, the changes to the game did involve a number of Regulatory approvals, including with respect to processes, the testing of draw equipment and changes to the game rules.

In the months preceding this change, the Regulator engaged with the Operator in order to ensure that there was adequate assurance that the many systems and process changes arising in respect of this flagship game were applied in accordance with the Act and the Licence.

The Operator's Commercial Activity

The Operator has reported that, in 2015, 1.4 million people played Lottery games on a regular basis, representing more than 40% of the adult population.

Ticket sales for 2015 amounted to €670.4 million (2014: €687 million). Sales for draw based games were €482.5 million, while scratchcard sales were €187.9 million.

During the year, the retail channel grew by 8% to 4,000 outlets.

There were also a number of game developments during the year. In total 17 new or amended lottery games were introduced, including the introduction of the new Lotto game (6/47), the relaunch of online Instant Win Games and the return of the Christmas Millionaire Raffle.

Player Protection

Under the Act, one of the Regulator's objectives is to ensure that the interests of the participants in the National Lottery are protected. Further to this objective, the Regulator has a focus on how the Operator is preventing problem play.

The Regulator recognises that, while most people derive nothing but fun from Lottery activity, certain groups or individuals are vulnerable or susceptible to problem play. The Regulator recognises that there are features of games, patterns of play, and the gaming environment that can amplify player risks, particularly for certain groups of players.

A key aim of player protection is preventing problem play through monitoring and assessing the structural features of games and the playing environment for the general player population, but with a particular focus on:

- ▶ Those who are underage: for the purposes of the National Lottery, underage is defined as under 18 years of age; and
- ▶ Vulnerable players, defined as those who have a susceptibility to excessive or problem play.

An objective of the Regulator is to ensure that the Operator follows responsible gaming practices, that information provided is transparent, accessible, and does not mislead, and that players are not intentionally or unintentionally exposed to procedures likely to result in underage or problem play.

The aim of preventing problem play is pursued through reviews of procedures and the sales / playing environments against the provisions of the Act, the Licence and Codes of Practice approved by the Regulator, and by researching and identifying processes and practices that have demonstrated effectiveness in preventing or minimising risk.

The Operator has been awarded a Responsible Gaming Certificate according to the European Responsible Gaming Standards of the European Lotteries and Toto Association, which includes standards in relation to player protection pertaining to the following:

- ▶ Research,
- ▶ Employee training,
- ▶ Sales agents programmes,
- ▶ Game design,
- ▶ Remote gaming channels,
- ▶ Advertising and marketing,
- ▶ Treatment referral,
- ▶ Player education,
- ▶ Stakeholder engagement,
- ▶ Reporting, measurement and certification

In addition, the Regulator's approval is required for schemes for lottery games and codes of practice and the aim of preventing problem play is also pursued through rigorous analysis of these requests for approval. This function is discussed further in Section 1.3.2 of this Report.

Controls for Online Play

During 2015, online play related mainly to purchasing tickets for draw based games, which are also available in retailers. Online Interactive Instant Win Games were reintroduced on 18 November, 2015.

Schedule 9 of the Licence sets out controls to be applied for online play, including:

- ▶ Registration
- ▶ Random identity and age checks
- ▶ Payment of large prizes is contingent on proof of age and identity
- ▶ Large prizes are paid by cheque
- ▶ Limit on online account balance
- ▶ Limits on spending

These controls together with achievement of the standards referred to above provide support in the prevention of problem and underage play.

In respect of underage play, the controls in place mean that minors are not able to register to play online with their true age. It is possible that minors can (in breach of the game rules) register using a false age and play online, but they would not be able to prove their age in order to claim a large prize and this provides a significant disincentive against adopting this approach. It is noted that the age checks conducted by the Operator during 2015 (1,362 checks relating to online play, with no underage player identified) provide no evidence of minors being registered to play online.

The Regulator agrees with the emphasis in the Act and the Licence in relation to controls around underage play. In particular, the Regulator notes the provisions in the Act that make it an offence to sell a National Lottery ticket to a minor and the provision that it is a defence in a prosecution for such an offence for the seller to show that he or she “took all reasonable measures to verify the age of the person purchasing the ticket”. Accordingly, there is an onus on the Operator to ensure that it is not selling tickets to minors / that it is taking all reasonable measures in order to verify that those purchasing lottery tickets are 18 years of age or older.

In addition to the controls set out in Schedule 9 of the Licence, the Operator has introduced a system whereby, where the Operator identifies patterns of activity that may be indicative of problem play, the Operator interacts with the player in order to raise their awareness of supports available, including facilities to set spending limits, self exclusion and access to services from GambleAware. The Operator reports to the Regulator in relation to this system regularly.

The application of controls for online play is subject to ongoing review by the Regulator both in respect of compliance with the Licence and the Act and in respect of effectiveness.

The Regulator has regard to the controls for online play when considering applications for approval for schemes for lottery games which are played online.

Complaints Received from Players

Complaints in relation to the National Lottery can be made to the Operator of the National Lottery. Details in relation to the Operator’s complaints process can be found in the Participants’ Code of Practice which is available on the Regulator’s website and from the Operator.

Anyone who wishes may also file a complaint with the Regulator. The Regulator will consider the complaint from a regulatory perspective and will consider whether there has been any breach of the Act or the Licence.

1.3.2 Regulatory Approvals Under the Act and the Licence

A range of the Operator's activities require the written approval or consent of the Regulator under the National Lottery Act or the Licence, including the following:

- ▶ New or amended schemes for lottery games.
- ▶ New service providers.
- ▶ Schemes for the testing of equipment used in National Lottery draws, as well as qualified persons to conduct the tests
- ▶ Internal audit reporting line
- ▶ Approvable Descriptions of processes and systems
- ▶ Changes to Codes of Practice, including:
 - Participants' Code of Practice
 - Sales Code of Practice
 - Advertising and Promotion Code of Practice
 - Code of Practice on Vetting Employees

During 2015, the Operator submitted 30 requests for approval or consent. These were considered by the Regulator in accordance with the Act and the Licence and on 27 occasions further information was sought by the Regulator and/or the Operator chose to submit amended requests for approval.

Ultimately, the Regulator provided approval or consent in relation to 26 submissions received from the Operator, 17 of which related to schemes for National Lottery games.

Interactive Instant Win Games

In November, 2015, the Operator introduced the first Interactive Instant Win Games under the Licence. These are games played online, which involve some interaction between the system and the player, although the game remains a game of pure chance and the actions of the player have no bearing on the outcome.

Due to, inter alia, the interactive nature of these games, they can pose extra risk from a player protection perspective. However, these extra risks can be mitigated by establishing a control framework with the intention of reducing the risk for players; such a control framework is required under Schedule 9 of the Licence.

In addition to these controls and prior to the introduction of Interactive Instant Win Games under the new Licence, the Regulator engaged with the Operator on the introduction of a system whereby, the Operator monitors play activity. Where the Operator identifies patterns of activity that may be indicative of problem play, the Operator interacts with the player in order to raise their awareness of supports available. The operator reports to the Regulator in relation to this system regularly and the system is under continuous review in order to identify ways in which it can be improved.

1.3.3 National Lottery Fund

The National Lottery Fund (the “Fund”) was established under Section 8 of the National Lottery Act 1986 and continues under the National Lottery Act 2013 (“the Act”). The Fund is managed and controlled by the Regulator in accordance with the Act and the Licence.

In accordance with the Licence, the Fund comprises a single account held with the Central Bank of Ireland.

Under the terms of the Licence granted to the Operator, on a weekly basis:

- 1) the Operator lodges to the Fund the total amount of ticket sales net of retailers’ commissions and of small prizes paid by retailers,
- 2) the Regulator transfers from the Fund to the Operator an amount in respect of prizes, other than small prizes paid by retailers, for the week,
- 3) the Regulator reserves in the Fund the amount in respect of good causes, calculated in accordance with the Act and the Licence, and transfers such amounts on a periodic basis as agreed with the Minister for Public Expenditure and Reform to the Central Fund of the Exchequer,
- 4) The Regulator reserves in the Fund and transfers the amount due in respect of the Regulator’s levy, in accordance with the Annual Levy to the Regulator under the Act and the Licence,
- 5) The Regulator transfers the remaining amount in respect of the week to the operator in accordance with the Act and the Licence.

The Regulator reviews weekly settlement information provided by the Operator together with a review of outputs from the Operator’s gaming system recording sales of all National Lottery products.

The Fund is reconciled on a weekly basis. Monthly management accounts of the Fund are prepared and are subject to review by the Finance Committee of the Regulator, which includes an external consultant. Annual financial statements in the form of a Receipts and Payments Statement are prepared and are subject to audit by the Comptroller and Auditor General.

The Regulator has formal procedures and internal controls in place for the management and control of the Fund and the transfers of amounts to and from the Fund. This system of internal controls employed by the Regulator is subject to annual review by internal audit consultants engaged by the Regulator to review the procedures for management and control of the Fund.

An Post National Lottery Company

In 2015, costs incurred by An Post National Lottery Company in relation to the operation of the National Lottery under the previous National Lottery Licence continued to fall due. The Regulator received and reviewed requests for payments from An Post National Lottery Company relating to these costs and payments were made from the Fund in accordance with the previous Licence.

Funds for Good Causes

During 2015, €193.3 million was transferred from the Fund to the Exchequer in respect of Good Causes, compared with €178.0 million in 2014. The figure for 2014 was lower for technical and timing reasons relating to the transition to the new Licence in that year.

Annual Accounts of the National Lottery Fund

The Annual Accounts of the Fund were prepared by the Regulator and submitted to the Comptroller and Auditor General for audit in accordance with Section 44 of the Act. These accounts have been audited and are set out in Section 3 of this document.

1.3.4 Enforcement of Trademarks

The Licence and the Act provide that the goodwill attaching to the National Lottery, including all copyright and trademarks vests with the Minister for Public Expenditure and Reform. The Regulator exercises all such rights in relation to Trademarks and Copyrights vested in the Minister.

The provisions relating to trade mark and copyright set out in Clause 7 of the Licence detail the role of the Regulator and the Operator in this area including requirements for the Operator to display the National Lottery logo on tickets, documents and equipment relating to the National Lottery.

Throughout 2015, the Regulator monitored the activity of the Operator in this regard and the use of National Lottery trademarks. No requirement to enforce the rights of the trademark of the National Lottery arose in 2015.

1.4 Corporate Affairs

1.4.1 Establishment

Mr Liam Sloyan was appointed as the first Regulator of the National Lottery on 17 November 2014. The process of setting up the Office of the Regulator of the National Lottery, which began with the Regulator's appointment, was completed in 2015. This process included the following:

- ▶ Determination of strategy
- ▶ Establishment of a governance and controls framework
- ▶ Recruitment of staff
- ▶ Procurement of accommodation and equipment
- ▶ Procurement of service providers

During the early part of 2015, while the necessary systems and processes were being established, the Department of Public Expenditure and Reform provided assistance to the Regulator.

1.4.2 Strategy

In fulfilment of his role as the independent Regulator of the National Lottery, the Regulator developed a strategy, which includes a vision, mission and values, reflecting his functions and objectives under the Act.

The Regulator's Vision

The Regulator's vision is a safe, sustainable, properly run National Lottery maximising funds for good causes.

The Regulator's Mission

The Regulator's mission is to achieve his vision by:

- ▶ Overseeing the operations of the National Lottery and enforcing compliance as required
- ▶ Considering proposals from the Operator and approving them as appropriate
- ▶ Managing and controlling the National Lottery Fund
- ▶ Exercising the enforcement rights of trade marks of the National Lottery.
- ▶ Ensuring best practice in governance is adopted in the management and governance of the Office

The Regulator's Values

The Regulator has adopted values for the Office of the Regulator to apply in its activities. These values are to:

- ▶ Maintain independence
- ▶ Act always with impartiality and integrity
- ▶ Work in a professional and effective way
- ▶ Meet our unique challenges and be innovative in our approach
- ▶ Maintain transparency in our work
- ▶ Value our people

1.4.3 Corporate Governance

Corporate Governance Code of Practice

The Code of Practice of the Regulator of the National Lottery is based on the “Code of Practice for the Governance of State Bodies, 2009” issued by the Department of Public Expenditure and Reform.

The Regulator’s Code of Practice will be updated in line with the “Code of Practice for the Governance of State Bodies, 2016”.

1.4.4 Resources and Staffing

Funding

The operations of the Regulator are funded by a levy on the Operator in accordance with Section 24 of the Act. The levy for 2015 was €1,500,000. Thereafter it is indexed annually in line with the Consumer Price Index.

Staff

The Regulator has received sanction for ten staff (including the Regulator) with seven positions filled at the end of 2015.

1.4.5 Procurement

Accommodation and Equipment

The Regulator conducted an accommodation search in the public and private sector. The accommodation determined to be most suitable is accommodation at Block D in the Irish Life Centre on Abbey Street, currently leased by the Department of Health until 2023. The accommodation was available from 1 February 2015 and in walk-in condition, enabling the Regulator to move in on that date. Until 1 February 2015, the Department of Health accommodated the Regulator in its offices.

In fitting out the office, significant savings were achieved by acquiring surplus furniture from other state bodies without cost.

Services

The Regulator conducted open procurement processes to procure services in respect of legal advice, accountancy and audit, communications and information technology.

1.4.6 Annual Report and Accounts

The Annual Accounts of the Regulator for 2015 were prepared and submitted to the Comptroller and Auditor General for audit. These Accounts have been audited and are set out in Section 2 of this document.

1.4.7 Legislative Requirements

Official Languages

The Regulator is compliant with the Official Languages legislation.

Freedom of Information

The Regulator came within scope of the Freedom of Information Act 2014 on 14 April 2015.

The Office received five freedom of information requests during 2015. Details of the requests are published in the Regulator’s Freedom of Information Disclosure Log published at www.rnl.ie.

Parliamentary Oversight

The Regulator appeared before the Oireachtas Joint Committee on Finance, Public Expenditure and Reform on 11 March, 2015 in relation to the operations and functioning of the National Lottery including the technical difficulties arising at the time. The Regulator's presentation to the Committee is published at www.rnl.ie.

Energy Consumption

The Regulator of the National Lottery has one office, which is located in the Irish Life Centre. The office is situated on one floor of a multi occupancy office building. The floor area leased does not exceed 1,000 square metres where a Display Energy Certificate is required.

The Regulator reports on energy performance to the Sustainable Energy Authority of Ireland under SI No 542/2009 – European Communities (Energy End Use Efficiency and Energy Services) Regulations 2009.

In 2015, the Regulator of the National Lottery consumed 25.74 MWh of energy, consisting of:

- ▶ 7.87 MWh of electricity and
- ▶ 17.87 MWh of fossil fuels (heating)

Actions undertaken in 2015:

- ▶ Information Technology and other equipment operated responsibly in terms of energy usage.
- ▶ Office equipment procured on basis of best energy rating available at most competitive price.

Actions planned for 2016:

- ▶ The promotion of increased use of digital correspondence
- ▶ The continued promotion of responsible energy usage

Appendix: Performance vs PLI's Performance Standards

This information is extracted from a Report provided to the Regulator by the Operator.

Year to 31 December 2015	Standard	Achieved Performance	Forecast for 2016
Computer Systems			
Terminal availability to sell tickets*	99% Availability	99.65%	99.5%
Gaming system availability	99% Availability	100%	99.5%
Website availability	99% Availability	99.94%	99.5%
Prize Payment			
Claims greater than €1,000 paid by cheque following a visit to National Lottery HQ	95% within 3 hrs 5% within 20 working days	100%**	98% 2%
Claims greater than €1,000 paid by cheque following a postal claim	95% within 5 days 5% within 20 days	100%	98% 2%

* 7am to 10pm, excluding draw break, 7 days a week, excluding Christmas Day and prearranged outages.

** 100% of claims were paid on the day of claim. Systems did not record actual time of payment until 1 January 2016.

Year to 31 December 2015	Standard	Achieved Performance	Forecast for 2016
Player Services – Voice Contact			
Service availability*	99% Availability	100%	100%
Calls answered within 30 seconds	70%	90.15%	90%
Player Services – Written Contact			
Service availability**	99% Availability	100%	100%
Letters answered within 5 working days	80%	80%	80%
Emails answered within 2 working days	80%	95.7%	95%
Responses to complaints within 10 working days	95%	100%	95%
Resolution of complaints and enquiries at first attempt	80%	98.94%	95%

* 8am to 8pm, 7 days a week, excluding Christmas Eve, Christmas Day and New Year's Day

** 9:15am to 5:30pm, Monday to Friday, excluding Christmas Eve and public holidays.

Regulator of the National Lottery Financial Statements 2015

General Information

Regulator of the National Lottery	Liam Sloyan
Address	Block D Irish Life Centre Dublin 1
Bankers	AIB plc. 40/41 Westmoreland Street Dublin 2
Solicitors	Mason Hayes & Curran South Bank House Barrow Street Dublin 4 Byrne Wallace 87/88 Harcourt Street Dublin 2
Auditors	Comptroller and Auditor General 3A Mayor Street Upper Dublin 1

Report of the Comptroller and Auditor General

Regulator of the National Lottery

I have audited the financial statements of the Regulator of the National Lottery for the year ended 31 December 2015 under the National Lottery Act 2013. The financial statements comprise the statement of income and retained revenue reserves, the statement of financial position, the statement of cash flows and the related notes including the accounting policies. The financial statements have been prepared in the form prescribed under section 22 of the Act, and in accordance with generally accepted accounting practice in Ireland.

Responsibilities of the Regulator

The Regulator is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

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 financial statements

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

- ▶ whether the accounting policies are appropriate to the Regulator's circumstances, and have been consistently applied and adequately disclosed
- ▶ the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- ▶ the overall presentation of the financial statements.

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

In addition, I read the Report of the Regulator to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the financial statements

In my opinion, the financial statements:

- ▶ give a true and fair view of the assets, liabilities and financial position of the Regulator of the National Lottery as at 31 December 2015 and of its income and expenditure for 2015; and
- ▶ have been properly prepared in accordance with generally accepted accounting practice.

In my opinion, the accounting records of the Regulator were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

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 if I find

- ▶ 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
- ▶ the information given in the Report of the Regulator is not consistent with the related financial statements or with the knowledge acquired by me in the course of performing the audit, or
- ▶ the statement on internal financial control does not reflect the Regulator's compliance with the Code of Practice for the Governance of State Bodies, or
- ▶ there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.



Andrew Harkness
For and on behalf of the Comptroller and Auditor General

8 December 2016

Statement on Internal Financial Control

I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and any material errors or irregularities are either prevented or would be detected in a timely manner.

Control environment

The Regulator has taken the following steps to ensure an appropriate control environment:

The Regulator engaged an external accounting firm to prepare and monitor the financial statements for the Regulator and to perform a monthly financial recording and reporting mechanism on the management of the accounts generally, including budgets. The Regulator has put in place a computer software accounting system to facilitate the recording and reconciliation of all transactions and to provide a complete audit trail of transactions processed. Subsequent to the year-end financial recording and reporting are carried out by appropriately qualified staff of the Regulator with monitoring provided by an external accounting firm. Decisions for incurring expenditure rest with the Regulator.

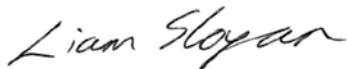
The Regulator has established processes to identify and evaluate business risks by:

- ▶ Identifying the nature, extent and financial implications of risks facing the Regulator including the extent and categories which it regards as acceptable;
- ▶ Assessing the likelihood of identified risks occurring; and
- ▶ Assessing the Regulator's ability to manage and mitigate the risks that do occur.

The Regulator has adopted a Code of Practice for the Governance of the Office of Regulator of the National Lottery based on the Department of Public Expenditure and Reform's Code of Practice for Governance of State Bodies (2009); a new code was introduced during 2016 and the Regulator will be adopting this code. The monitoring of the effectiveness of the system of internal financial control is informed by the work of the Internal Auditor and comments made by the Comptroller and Auditor General in his management letter or other reports.

I confirm that a review of the effectiveness of the system of internal financial controls was carried out in respect of 2015.

Signed by the Regulator of the National Lottery



Liam Sloyan
Regulator of the National Lottery

7th December 2016

Statement of Responsibilities of the Regulator

Section 22 of the National Lottery Act, 2013, requires the Regulator to prepare financial statements in such form as may be approved by the Minister for audit by the Comptroller & Auditor General.

The Regulator is responsible for keeping in such form as approved by the Minister all proper and usual accounts as the Minister may direct in accordance with section 22. In preparing those financial statements, the Regulator:

- ▶ Selects suitable accounting policies and then applies them consistently;
- ▶ Makes judgements and estimates that are reasonable and prudent;
- ▶ States whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ▶ Prepares the financial statements on the going concern basis unless it is inappropriate to presume that the Office of Regulator of the National Lottery will continue in operation.

The Regulator is responsible for submitting such financial statements to the Comptroller and Auditor General for audit and for the presentation of these financial statements and the report of the Comptroller and Auditor General to the Minister, together with a report by the Regulator in relation to the performance of his functions.

Signed by the Regulator of the National Lottery



Liam Sloyan
Regulator of the National Lottery

7th December 2016

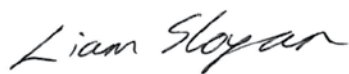
Statement of Income and Expenditure and Retained Revenue Reserves

for the financial year ended 31 December 2015

		Year ended 31 December 2015	Period 17 November 2014 to 31 December 2014
	Notes	€	€
Income	3	1,500,000	131,507
Administration costs	4	(700,881)	(24,293)
Operating surplus		799,119	107,214
Interest receivable		-	-
Surplus for the year		799,119	107,214
Retained earnings at the start of the year		107,214	-
Retained earnings at the end of the year		906,333	107,214

All recognised gains and losses for both the current year and previous period are included in the income statement and arise from continuing operations

Notes 1 to 13 form part of these Financial Statements.



Liam Sloyan
Regulator of the National Lottery

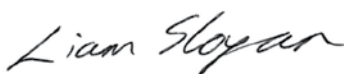
7th December 2016

Statement of Financial Position

as at 31 December 2015

	Notes	2015 €	2014 €
NON-CURRENT ASSETS			
Property, plant and equipment	7	24,260	980
CURRENT ASSETS			
Debtors	8	1,036,835	131,507
Cash and cash equivalents		106,540	-
		1,143,375	131,507
CREDITORS (amounts falling due within one year)			
Creditors and accruals	9	(261,302)	(25,273)
NET CURRENT ASSETS		882,073	106,234
NET ASSETS		906,333	107,214
REPRESENTED BY			
Accumulated retained earnings	11	906,333	107,214

Notes 1 to 13 form part of these Financial Statements.



Liam Sloyan
Regulator of the National Lottery

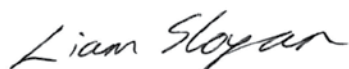
7th December 2016

Statement of Cash Flows

for the financial year ended 31 December 2015

	Year ended 31 December 2015	Period 17 November 2014 to 31 December 2014
Notes	€	€
Net cash flows from operating activities		
Operating surplus for the year	799,119	107,214
Depreciation	7 7,771	28
Increase in debtors	(905,328)	(131,507)
Increase in creditors	236,029	25,273
Net cash inflow from operating activities	137,591	1,008
Cash flow from investing activities		
Payments to acquire property, plant and equipment	7 (31,051)	(1,008)
Cash flow from financing activities		
Interest received	-	-
Increase in cash and cash equivalents	106,540	-
Cash and cash equivalents at the end of the financial year	106,540	-

Notes 1 to 13 form part of these Financial Statements.



Liam Sloyan
Regulator of the National Lottery

7th December 2016

Notes (forming part of the financial statements)

for the year ended 31 December 2015

1. Accounting Policies

The significant accounting policies adopted by the Regulator of the National Lottery are set out below. They have been applied consistently throughout the year and the preceding period.

(a) *Statement of Compliance*

The financial statements have been prepared in compliance with Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland ("FRS 102") issued by the Financial Reporting Council.

(b) *Basis of Preparation*

The financial statements are prepared on the accruals basis in accordance with generally accepted accounting principles and under the historical cost convention.

(c) *Levy Income*

Levy income represents the amount receivable under the licence by the Regulator from the operator of the National Lottery in respect of the period.

(d) *Expenditure Recognition*

Expenditure is recognised in the financial statements on an accruals basis as it is incurred.

(e) *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation, charged to the Statement of Income and Expenditure, is calculated in order to write off the cost of assets over their estimated useful lives, under the straight-line method, at the annual rate of 33⅓% for computer equipment and 20% for all other assets from date of acquisition.

(f) *Foreign Currencies*

The financial statements are presented in Euro (€).

Transactions denominated in foreign currencies are converted into euro during the year and are included in the Statement of Income and Expenditure for the year.

Monetary assets and liabilities denominated in foreign currencies are converted into euro at exchange rates ruling at the balance sheet date and resulting gains and losses are included in the Statement of Income and Expenditure for the year.

(g) *Employee benefits*

Short-term benefits

Short-term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Creditors and accruals figure in the Statement of Financial Position.

Retirement benefits

The National Lottery Act 2013 provides that the Regulator may, with the consent of the Minister for Public Expenditure and Reform, determine the conditions of service of staff.

Notes (forming part of the financial statements)

for the year ended 31 December 2015

1. Accounting Policies (continued)

The Regulator is currently establishing pension arrangements in respect of all employees in cooperation with the Department and is making the necessary deductions from salaries, which are being retained by the Regulator for future transmission to the Department, but not recognised as income. The Regulator is providing for employer contributions, at a rate of 25%, to such pension arrangements. Subject to finalisation of the arrangements with the Department, the Regulator does not consider it is probable that the office of Regulator will be required to transfer resources embodying economic benefits (other than for normal employer contributions) for benefits payable to members. Actuarial risk and investment risk are not expected to arise for the office of the Regulator.

As a result the accounting policy with regard to pensions is to treat them as a defined contribution plan in accordance with section 28.13 of FRS 102. See note 10 for further details.

(h) Critical accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Depreciation and Residual Values

The Regulator has reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and has concluded that asset lives and residual values are appropriate.

2. Establishment of the office of Regulator of the National Lottery

The office of Regulator of the National Lottery, which is located at Block D Irish Life Centre Dublin 1, was established under Section 7 of the National Lottery Act 2013 and the holder of the office is known as the Regulator of the National Lottery. The first Regulator of the National Lottery was appointed on 17 November 2014.

These financial statements are presented for the year ended 31 December 2015. Comparative amounts are in respect of the period from 17 November 2014, date of appointment, to 31 December 2014.

Details in respect of the operations of the Regulator and its principal activities are included in the Report of the Regulator in Section 1.

3. Income

Section 24 of the National Lottery Act 2013 provides for the payment of an annual levy by the operator of the National Lottery to the Regulator. The amount of the levy, as specified in the licence with the operator, is €1,500,000 per annum, subject to indexation with the Consumer Price Index.

	2015	2014
	€	€
Levy income, for the year	1,500,000	131,507

Notes (forming part of the financial statements)

for the year ended 31 December 2015

4. Administration Costs

	2015	2014
	€	€
Salaries and staff costs (Note 5)	321,908	19,192
Professional fees (Note 6)	164,549	2,262
Audit	21,980	2,500
Rent, service charges and maintenance	108,235	-
Insurances	5,443	-
Travel and subsistence	2,106	-
Recruitment costs	30,998	-
Training costs and memberships	8,514	-
Office supplies and equipment	11,203	-
Information and communication technology	14,738	290
Depreciation	7,771	28
Other administration costs	3,436	21
	700,881	24,293

5. Regulator's Remuneration

The Regulator's salary for 2015 was €113,081 (2014: €14,230). Employer's PRSI in respect of the Regulator was €11,121 (2014: €1,404). The Regulator received travel and subsistence expenses of €1,018 (2014: €21) and €nil (2014: €nil) in respect of other expenses. The Regulator's pension entitlements are in line with standard entitlements in the model public sector defined benefit superannuation scheme. The Regulator did not receive any perquisites or benefits in 2015.

The number of staff employed by the Regulator's Office (including the Regulator) at 31 December 2015 was 7.

6. Professional Fees

	2015	2014
	€	€
Accountancy	63,950	1,538
Legal services	49,895	724
Communications	19,560	-
IT and Other	31,144	-
	164,549	2,262

Notes (forming part of the financial statements)

for the year ended 31 December 2015

7. Property, plant and equipment

	Computer equipment €	Office fitting, furniture and equipment €	Telephone system €	Total €
Cost				
At 31 December 2014	1,008	-	-	1,008
Additions during year	20,976	5,893	4,182	31,051
Disposals during year	-	-	-	-
At 31 December 2015	21,984	5,893	4,182	32,059
Depreciation				
At 31 December 2014	28	-	-	28
Charge for year	6,648	310	813	7,771
Depreciation on disposals	-	-	-	-
At 31 December 2015	6,676	310	813	7,799
Net Book Value				
At 31 December 2015	15,308	5,583	3,369	24,260
At 31 December 2014	980	-	-	980

8. Debtors and Prepayments

	2015 €	2014 €
Accrued income	1,016,123	131,507
Prepayments	18,972	-
Travel Cards	1,572	-
Cycle to Work	168	-
	1,036,835	131,507

Notes (forming part of the financial statements)

for the year ended 31 December 2015

9. Creditors (amounts falling due within one year)

	2015	2014
	€	€
Trade creditors and accruals	157,582	5,770
Pension provision (Note 10)	74,074	4,354
Department of Public Expenditure and Reform	-	14,838
Sundry creditors/ Visa Card	243	311
PAYE/PRSI	15,761	-
Pension Levy	12,768	-
Union deductions	322	-
VAT liability	552	-
	261,302	25,273

10. Pensions provision

The Regulator is in the process of drafting a defined benefit pension scheme for its employees. The scheme structure will be based on the Public Service Model and approval of the Minister for Public Expenditure and Reform will be sought. The accumulated contributions, including employer contributions of 25% of pensionable pay in the current period, are charged to the Statement of Income and Expenditure. The accumulated contributions are held for the account of the Minister for Public Expenditure and Reform.

Benefit entitlements of employees will be a function of their service with the office of the Regulator and of their previous service in the civil or public service, where appropriate. The office of Regulator is not funded in respect of such benefit entitlements. It is not probable that the office of Regulator will have an obligation to transfer resources embodying economic benefits (other than for normal employer contributions) for benefits payable to members. Actuarial risk and investment risk is not expected to arise for the office of the Regulator.

As a result the requirements in FRS 102 with regard to defined benefit plans are not deemed to apply and no further disclosures are considered necessary.

11. Accumulated Retained Earnings

	2015
	€
At beginning of year	107,214
Surplus for year	799,119
Retained earnings at the end of the year	906,333

Notes (forming part of the financial statements) for the year ended 31 December 2015

12. Capital Commitments

There were no commitments for capital expenditure at 31 December 2015.

13. Approval of Financial Statements

The financial statements were approved by the Regulator of the National Lottery on 7th December 2016.

National Lottery Fund Financial Statements 2015

National Lottery Fund

Report of the Comptroller and Auditor General

National Lottery Fund

I have audited the National Lottery Fund for the year ended 31 December 2015 under the National Lottery Act 2013. The financial statements comprise the account of receipts and payments, the reserve account and related notes. The financial reporting framework that has been applied in their preparation is the format specified by the Minister for Public Expenditure and Reform in accordance with Section 22 of the Act.

Responsibilities of the Regulator of the National Lottery

The Regulator is responsible for the preparation of the financial statements in the specified format and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them 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 financial statements, sufficient to give reasonable assurance that the financial statements are 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 financial statements, and
- ▶ the overall presentation of the financial statements.

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 financial statements properly reflect:

- ▶ the payments into and out of the National Lottery Fund for 2015, and
- ▶ the balance of the Fund at 31 December 2015.


In my opinion, the accounting records of the Regulator were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

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 if I find

- ▶ 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
- ▶ the statement on internal financial control does not reflect the Regulator's compliance with the Code of Practice for the Governance of State Bodies, or
- ▶ there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.



Seamus McCarthy
Comptroller and Auditor General

15 December 2016

National Lottery Fund

Statement of Internal Financial Control

I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and any material errors or irregularities are either prevented or would be detected in a timely manner.

Control environment

The Regulator has taken the following steps to ensure an appropriate control environment:

As the office of the Regulator was in the initial stages of its establishment in 2015, the Regulator engaged an external accounting firm to prepare and monitor the financial statements for the National Lottery Fund and to perform monthly financial recording and reporting on the management of the Fund accounts generally. The Regulator has put in place a system to facilitate the recording and reconciliation of all transactions and to provide a complete audit trail of transactions processed. Subsequent to the year-end, financial recording and reporting are carried out by appropriately qualified staff of the Regulator. As per section 44 of the National Lottery Act 2013, the Regulator is responsible for the management and control of the Fund.

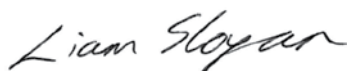
The Regulator has established processes to identify and evaluate business risks by:

- ▶ Identifying the nature, extent and financial implications of risks facing the National Lottery Fund including the extent and categories which it regards as acceptable;
- ▶ Assessing the likelihood of identified risks occurring; and
- ▶ Assessing the Regulator's ability to manage and mitigate the risks that do occur.

The Regulator has adopted a Code of Practice for the Governance of the Office of the Regulator of the National Lottery based on the Department of Public Expenditure and Reform's Code of Practice for the Governance of State Bodies (2009); a new code was introduced during 2016 and the Regulator will be adopting this code. The monitoring of the effectiveness of the system of internal financial control is informed by the work of the Internal Auditor and comments made by the Comptroller and Auditor General in his management letter or other reports.

I confirm that a review of the effectiveness of the system of internal financial controls was carried out in respect of 2015.

Signed by the Regulator of the National Lottery



Liam Sloyan
Regulator of the National Lottery

7th December 2016

National Lottery Fund

Account of Receipts and Payments

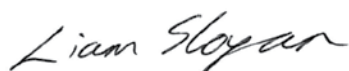
for the year ended 31 December 2015

	Notes	2015		2014	
		€'000	€'000	€'000	€'000
Received from the operators*	4		411,284		558,480
less:					
Paid to the operators in respect of:	5				
Prizes		158,079		308,336	
Operators' entitlement		74,085	232,164	60,554	368,890
			179,120		189,590
less:					
Paid to the Regulator in respect of Regulator Levy	11		615		0
			178,505		189,590
Investment Interest Received/(Paid)	7		(129)		55
Audit Fee paid			0		(8)
			178,376		189,637
Transferred to the Central Fund	8		(193,369)		(178,000)
Increase/(Decrease) in Investment transferred to (from) Reserve			(14,993)		11,637

* 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

	Notes	2015	2014
		€'000	€'000
Balance on deposit at 1 January		57,257	45,620
Increase/ (Decrease) in Investment		(14,993)	11,637
Balance on deposit at 31 December	7	42,264	57,257
less:			
Net balance due to An Post National Lottery Company	9	(616)	(17,172)
Balance retained in respect of historic expired prizes	10	(16,092)	(16,092)
Liability for Regulator Levy	11	(1,017)	(132)
Balance available for distribution through the Central Fund	8	24,539	23,861



Liam Sloyan
Regulator of the National Lottery

7th December 2016

National Lottery Fund

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 (“APNLC”), 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.

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 and pays amounts in respect of prizes, Regulator’s annual levy and the operators’ entitlements under the licences. The Regulator transfers funds, at intervals determined by the Minister, to the Exchequer (after appropriate provision for prospective or contingent liabilities) for application for the purposes set out in the Act. The amounts due to Good Causes are calculated as laid out in the Act and the Licence as being 65% of gross gaming revenue.

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 paid 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 amounts received from the operators comprise ticket sales proceeds less retailers’ remuneration and small prizes.

Amounts received from the operators were €411m in 2015 (2014 €558m). Of this decrease, €130m relates to technical and timing cash flow issues pertaining to the introduction of the new licence, particularly in respect of cash flows for Euromillions jackpots and payments to retailers. In addition, €17m arises due to a reduction in the level of sales.

5. Amounts paid to the operators

The amounts paid to the operators were €232m in 2015 (2014 €369m), being €158m in respect of prizes payments (2014 €308m) and €74m in respect of operator’s entitlement (2014 €61m).

The decrease in prizes payments is due to cash flow issues pertaining to the introduction of the new licence (see note 4 above).

Payments to the operators in respect of operators’ entitlement are calculated based on the terms of the new licence.

National Lottery Fund

Notes to the Accounts

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:

	An Post National Lottery Company €'000	Premier Lotteries Ireland Limited €'000	Total 2015 €'000	Total 2014 €'000
Received from the operators	-	411,284	411,284	558,480
Paid to the operators in respect of:				
Prizes	2,549	155,530	158,079	308,336
Operators' expenses	12,804	61,281	74,085	60,554
	(15,353)	194,473	179,120	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 by the Fund at the year-end amounted to €33,504.

8. Transfers to the 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 monies to beneficiaries is voted by the Oireachtas through the annual Estimates process and monies are issued during the year and accounted for through the Appropriation Accounts.

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

The transfers between APNLC 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 APNLC ceased to operate the National Lottery), based on the cash position.

Following completion of the annual audit of APNLC for 2014, the estimated balance due to APNLC at the year end 31 December 2014 was €17.172m. Costs of €9.5m associated with effecting the transfer of operations to PLI, the cost of continuing to operate systems for a period after 29th November 2014 and those costs expected to be incurred in the wind up of APNLC under its licence are provided for in the 2014 accounts of APNLC. In 2015, APNLC has invoiced and been paid €15.353m to date from the Fund in respect of the balance at 31 December 2014 of €17.172m. Based on a review of such liabilities, the remaining estimated balance due to APNLC at 31 December 2015 has been reduced to €0.616m.

National Lottery Fund

Notes to the Accounts

10. Balance retained in respect of historic expired prizes

At 31 December 2015, an amount of €16.092m continues to be recognised as a restriction on funds available for distribution. This amount is in respect of expired prizes arising under the previous licence with APNLC.

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 PLI.

11. Liability for Regulator Levy

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 31 December 2015 is €1.017m.

12. Net balance between Premier Lotteries Ireland Limited (“PLI”) and the Fund

As the Accounts are presented on a receipts and payments basis no provision is made for any balance between PLI and the Fund at 31 December 2015. Determination of any such amounts is subject to ongoing discussions by the Regulator with PLI and the Department of Public Expenditure and Reform. Settlement of any such amounts will be made when determined.

13. Audit fee

The audit fee for the 2015 Accounts and for subsequent years is to be paid by the Office of the Regulator of the National Lottery. The audit fee for 2015 is €5,000.

14. Approval of the National Lottery Fund Account

The National Lottery Fund Account in respect of the year ended 31 December 2015 was approved by the Regulator on 7th December 2016.



Rialálaí an Chrannchuir Náisiúnta
Regulator of the National Lottery

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