

The Jersey Gambling Commission

The Jersey
Gambling Commission



2012

Annual Report & Accounts

Presented to the States on 9th July 2013
by the Minister for Economic Development

R.79/2013

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Chairman's Statement

This is the second annual report of the Jersey Gambling Commission (JGC) and as I noted last year, 2012 has been a year of change. A great deal of work has gone into preparing the Regulations needed to sit under the new Gambling Law and the package of legislation had to be presented to the States, debated and approved. That could not happen, however, until such time as the Gambling (Jersey) Law 2012 had received Royal Assent and this was sanctioned by Order of Her Majesty in Council on 30th May and the Law was registered by the Royal Court on 15th June 2012.

Thereafter the Minister for Economic Development lodged the following propositions in October 2012:

P98 – Gambling (Ancillary Services and Miscellaneous Provisions) (Jersey) Regulations 2012;
P99 – Gambling (Charitable and Membership Gambling Services) (Jersey) Regulations 2012;
P100 – Gambling (Jersey) Law 2012 (Appointed Day) Act 2012.

The Propositions were debated on 20th November 2012 and were passed by overwhelming majority, allowing the new legislation to come into force together as a package on 1st January 2013. The Gambling (Jersey) Law 1964 is repealed, together with the 1965 Regulations, albeit existing licensees have their rights 'grandfathered' until such time as new policies and licensing regimes are published by the Commission.

The anomaly is the Gambling (Channel Islands Lottery) Regulations 1975. These remain in force as if made under the 2012 Law and are the preserve of the Minister. The JGC has no role in its operation or regulation. The Commission has had and continues to have discussions with the department about legislative updates to this Regulation in line with the requirements of Article 7(4) of the Gambling Commission (Jersey) Law 2010, but recognises the special position, nature and purpose of the CI Lottery and does not consider it a vehicle akin to those regulated in the commercial sector.

Needless to say, the change to the new legislation, both in terms of developing the policies and presenting the legislation to the States dominated the year and I would like to note my thanks and appreciation to the executive of the Commission for their hard work and dedication in bringing it to fruition. Delivery of the legislation, however, is only the start of the journey and 2013 will be the true test as the new regime is rolled out.

Graham White, OBE
Chairman

Chief Executive's Statement

The JGC has accomplished a huge amount of work during the past year, mostly dominated by legislation and policy development. In accordance with the Minister's wishes, the regulatory regime for the charitable sector will be greatly simplified and de-regulated, reducing their costs and freeing up resources for the Commission to concentrate its focus on the existing commercial sector and the consideration of new licensing regimes. The Commission did maintain their regulatory oversight, however, dealing with several reported infractions of the Gambling (Jersey) Law 1964 and liaising with the Crown Law Officers to resolve them to the satisfaction of all parties.

The success of the reform package of legislation will change the focus of commercial gambling from being governed by the criminal code to that of a civil penalty regime, but that does not mean a lessening of duties or responsibilities. The Commission will receive an array of new powers in 2013 when the new Gambling (Jersey) Law 2012 is brought into force. It is our duty to use those powers wisely, sparingly and in the public interest. Several of the prohibitions of the 1964 Law will be swept away, allowing gambling to be treated as a mainstream service industry, in keeping with the views of most Islanders. Wagers will be enforceable in Law, the States-imposed cartel on bookmakers licences removed and new types of commercial gambling can be considered. The JGC will consider these changes carefully, consult widely and ensure that at all times the guiding principles of the Commission are safeguarded and maintained.

The Commission's relationship with the States is governed by the Commission Law and with the department via a Partnership Agreement agreed between the Minister and the Board in December 2010. The agreement was for a two year period, covering those years when the Commission received a grant from the department to help it with its establishment costs. The Minister thus provided the Commission with a grant in 2011 of £119,000 and a final grant of £38,600 for 2012.

In accordance with the States Financial Directions and good corporate governance, there are appropriate controls in place within the Jersey Gambling Commission to ensure that funds are spent appropriately and that value for money is achieved, and the grant awarded by the States of Jersey is used for the purposes intended. A statement to this effect was provided to the JGC auditors.

The Partnership Agreement lapsed with the cessation of public funding in December 2012. Co-operation with the department continues however and the JGC remains involved to act as an adviser to the Minister and Jersey Government on gambling matters. The issue of UK 'White Listing' remains a case in point and the JGC has done its utmost to support the States in their dialogue with the UK in an effort to resolve the matter. The UK Government announced proposals to abandon their current policy and adopt a licensing regime based on consumption rather than supply. The JGC welcomes this approach and looks forward to the adoption of a level playing field in the sector.

Dr Jason Lane
Chief Executive

The Board



**GRAHAM WHITE, OBE
CHAIRMAN**



**PETER CRUICKSHANK
COMMISSIONER**



**JEREMY ARNOLD
COMMISSIONER**

The Chairman, Graham White OBE, is a well known regulator of some 30 years experience, having served as Chief Inspector of the Gaming Board and latterly the Gambling Commission. Graham is a past trustee of the Gordon Moody Association (a charity providing residential care to problem gamblers) and remains involved in action to assist problem gamblers through work with the Royal College of General Practitioners.

Peter Cruickshank brings extensive business experience to the Board, having built up a successful money broking firm and representing the London Sterling Brokers Association as its Secretary and in its dealings with the Bank of England.

Jeremy Arnold was formerly a partner with Arthur Andersen. In addition to working with clients, he focussed on practice management, training and quality control. Since retiring from public practice, he works with several companies as a non-executive director.

The Board is now in its third year of its five-year term. Initially meeting every two months, the Board now meets quarterly reflecting the consolidation of its workload after the establishment phase. In addition to the general role of a Board in dealing with strategy, and overseeing operations, the Board also reviews all licence renewals and importantly sits when required as the Licensing Authority for all new applications, a function that will increase with the coming into force of the 2012 Law.

The Executive

The Commission is fortunate to have consistency in its executive, with the same team having worked together since 2007. The forthcoming change from the 1964 regime to that of the 2012 Law will bring additional demands and it is anticipated that a new member of staff will be recruited in the next period. If so this will bring the complement of staff back to the number engaged in gambling regulation pre-2010 when it formed part of the States.

The Commission Executive represent the JGC domestically, sitting on groups such as the AML Strategy Group and overseas, having membership of the International Association of Gaming Regulators (IAGR) and the Gaming Regulators European Forum (GREF). Both IAGR and GREF are important bodies, providing opportunities to increase regulatory co-operation and develop common standards. The JGC is pleased to note that its Chief Executive, Dr Jason Lane was voted Deputy Chairman of GREF for 2012 and 2013.

Approach to Regulation

The Commission seeks to be a proactive and responsive regulatory agency, acting reasonably in discharging its powers and ensuring compliance with its core responsibilities under the Law. The Commission will always seek to achieve non-intrusive and voluntary compliance with regulatory requirements in line with its duty under the Law to not impose unnecessary burdens. Licensees and applicants are therefore encouraged to volunteer matters that may be of interest to the regulator and will be assessed according to the level of voluntary compliance and the seriousness of the issue on a case by case basis. This approach has proven successful over the past year, with a number of technical breaches discovered and / or reported that had the potential to become serious. The Commission is pleased with the co-operative ties it has developed with both the industry and the charitable sector and looks forward to developing and broadening this further as the legislation changes in 2013.

The Commission recognizes that the industry is innovative and dynamic and consequently keeps an 'open door' approach with our licensees and with technical and other experts in the wider industry to ensure that the JGC is at the forefront in its capacity to deal with and accommodate change. As part of this process, the Executive liaises with allied regulators, both in the Island and overseas in order to ensure that Jersey helps to develop international best practice in gambling regulation and, importantly, with regard to social responsibility.

The need to ensure that Jersey is seen as a good neighbour and is cognizant of the small but important impact of addiction on players is one taken most seriously. The Commission has established a Social Responsibility Panel and a specialized Fund exists to which all licensees are invited to contribute. Jersey has a statutory levy that can be mandatorily applied in the event that the needs of the Fund are not met by donation.

In line with its belief that communication should be open and proactive, the Jersey Bookmakers Liaison Group continues to meet when required and provides constructive feedback on new policy developments. All licensed bookmakers are members by virtue of their licence and the Commission believes that this arrangement has been extremely positive and worthwhile and would welcome a similar group for other sectors as they develop.

With the imminent legislative changes drawing near, the Commission will again put on record its preference for a risk-based approach to licensing and regulation. This applies across all sectors, both commercial and charitable. The Commission thus expects to reduce bureaucracy and costs where it can, develop new business opportunities after consultation and to see enhanced risk-based regulation at the forefront of its operations.

Anti Money Laundering /Combating the Financing of Terrorism

Terrestrial Commercial Industry

The Anti-Money Laundering Code of Conduct for Licensed Betting Offices, adopted in 2008 and devised in collaboration with the Joint Financial Crimes Unit, remained the governing document throughout 2012 for the recognition and reporting protocol for suspicious activity.

However, as the EU is to review the 3rd Money Laundering Directive and make recommendations for a 4th Directive some time in 2013, this may result in an extension of the categories of Designated Non-financial Businesses to other gambling services. Certain gaming services such as casinos (remote and online) are already subject to supervision, for example the business of operating an online casino was included within the Money Laundering (Jersey) Order 2008, bringing Jersey in line with Financial Action Task Force recommendations.

E-gaming

The JFSC remain the designated supervisory body for the business of operating a casino, as required by the Supervisory Bodies (Jersey) Law 2008. The transition of this duty to the Commission did not happen principally because there is no such activity licenced in Jersey. However, the intention to transfer these responsibilities is still effective and the Commission will work with the JFSC to devise and implement guidance in respect of duties under the law and compliance criteria.

Licensing and Regulatory Activity

The Commission licences and regulates three main areas:

- Terrestrial Commercial Gambling
- Remote Commercial Gambling; and
- Charitable, Club and Social Gambling.

The terrestrial commercial industry is made up of 29 licensed bookmakers, credit betting, on-course bookmaking, together with ancillary licensed products such as server-based gaming machines. This is the last year that the sector will be regulated according to the provisions of the Gambling (Jersey) Law 1964 and its associated regulations. There was limited change in the sector with the Commission opening a consultation in June to consider amendments to the Gaming Machine Code of Practice to:

- change stakes in the Type II machine category. The Code increased the stake from £1 to £2.
- introduce a new category of games. This new category is set, as a B4 game category. The game category allows for stakes up to £2, with a maximum payout up to £500.
- amend the number of machines allowed per licensed betting shop from 2 to 4 machines.

This increase in stakes and prizes brought the Island into line with that allowed in the UK. Although not obliged to follow the UK stakes and prizes regime, the reality is that this provides an efficient methodology given the UK origin of Jersey-based machines. The operation of gaming machines in betting shops became a UK political issue during 2012 and continues to draw opinion from several parties. The JGC includes these machines within their inspection thematic and particularly takes note of the social responsibility files and unusual occurrence reports filed by shop managers. The Commission believes that at present, these machines are operating successfully, but recognises that they, as with all manner of gambling services, offer the potential for harm. To that end the Commission will continue to monitor the local market and pay careful attention to experience elsewhere.

Development of the remote sector has been a disappointment, due without doubt to the UK Government decision to suspend 'White Listing'. While there have been many enquiries, some by major industry companies, none up to November had been able to commit to a full application. This changed in December with an application being received from a 'start-up' business, which the Commission welcomes. Development of the sector will inevitably rest in large measure upon changes in the licensing and regulation of remote gambling across the EU and in the UK particularly.

Although concentrating on the amendments necessary to bring the new Law into effect, the charitable, club and social sector continued to present some of the greatest challenges within the 1964 regime. Significant resource has been put into simplifying the bureaucracy necessary for charitable fundraising, while ensuring that operations turning over hundreds of thousands, or over one million pounds are properly treated as the commercial vehicles that they are. Due to the inflexibility of the 1965 Regulations, the treatment of the charitable sector has continued to be the Commission's main task, a situation that will – rightly – be reversed in 2013.

The Commission has continued its policy of engagement with allied regulators and was delighted that the Chief Executive, Dr Jason Lane, was voted as Vice-Chairman of the Gaming Regulators European Forum. Learning from other regulators remains the most efficient and cost-effective method of training and ensuring that local policies are based on current research and understanding.

The Social Responsibility Panel

The Panel consists of Advocate Brambilla as Chair with Dr Tracy Wade and Ms Andrea Macqueen as Panel Members. David Evans (JGC Head of Legal and Regulation) acts as Secretary to the Panel. The Panel is purely voluntary and is responsible for setting guidance and overseeing policies and progress on the Commission's social responsibility functions. It also offers advice to the Commission and Chief Executive on these matters.

Objectives

The objectives of the Panel are to:

- Recommend to the Commission a strategy towards social responsibility related issues and to monitor relevant external developments making recommendations to the Commission as appropriate;
- Create and maintain the Commission's social responsibility policy and to consider whether they continue to meet the social responsibility strategy and objectives and make recommendations to the Commission as appropriate,
- Review and monitor the Commission's social responsibility risk exposures and advise accordingly;
- Review the social responsibility content contained in the Commission's financial reports and report when appropriate to the Commission.

Reporting Procedures

The Chair of the Panel meets with the Commission twice per year, informing the Board of the matters the Panel has reviewed and making recommendations when requested, or when considered appropriate.

Priorities

The Commission is cognisant of the timescales needed for the development of a credible strategy to mitigate the risks of problem gambling and accept that this will take a number of years to achieve. In the past year, however, the Panel has:

- Considered the best route of funding for the Social Responsibility Fund
- Reviewed the need for a generic Self Exclusion Policy for the Island;
- Given feedback regarding the dedicated Jersey page of Responsible Play and made recommendations for delivery of a local face-to-face service.

Gambling Therapy

On the basis of recent research into benefit of online counselling for problem gamblers¹, the Panel decided to extend the contract with Gambling Therapy throughout 2012 and review the service after 1 year of operation. The Panel approved posters and leaflets for this service, which were subsequently issued to all Licenced Betting Offices, Parish Hall, Citizen's Advice Bureaux and the Library.

Advice for Problem Gamblers

Information on services in Jersey detailing help for problem gamblers was sent to the specific point of contact for the Primary Care Body. A request for dissemination to all Jersey General Practitioners accompanied the information. The purpose of the letter was to help practitioners provide patients with

¹ Sally Gainsbury and Alex Blaszczynski: 'Online self-guided interventions for the treatment of problem gambling',

information of support groups and counselling services available in and accessible from Jersey and also to make them aware what the industry can do to help problem gamblers (e.g. self exclusion). The SRP anticipates closer working with Jersey GPs in 2013 to provide Jersey surgeries with literature on where people with a gambling problem can seek help.

Social Responsibility Fund

The SRP did not request donations for 2012, but recommended to the Commission to consider a new mechanism be adopted for 2013, and the adoption of new licensing regimes. The voluntary donation route was not adopted by all Jersey Bookmakers in 2011, but the Panel considered it disproportionate to deploy the mechanism for mandatory contribution proscribed in the Commission Law by way of a levy. The Panel recommended the Commission consider options to ensure continuity of funding on a regular basis.

Industry Support

The Panel notes the support given by most terrestrial licensees to its work and notes the vital role of the voluntary contributions paid by licensees into the Social Responsibility Fund. While the level of support has been good, it has sadly not been universal, with two operators continuing to fail to contribute to this valuable work. The Panel is saddened by this and has, reluctantly, advised the Commission that it should use the forthcoming changes to the bookmakers licensing regime to consider how to resolve this and to consider the possibility of making a social responsibility payment part of the licence fee.

Financial Statements

Financial Commentary

This is the first year that the Commission accounts reflect a year's operations, as the last report covered the 16 month period from creation on 3rd September 2010, to 31st December 2011.

Although originally designed to operate on a decreasing grant of £579,000 phased over five years, the changing economic climate led the Minister to reduce this to £157,600 over two years². The Commission had, therefore, to adopt a policy of full financial self-sufficiency from 2013 onwards.

As well as the grant, the Commission received funds from commercial licence fees and charitable, social and club registrations and permits. Licences are all renewed on an annual basis, but some are collected in advance, notably the betting office and bookmaker's licences, which are renewed during the month of September for the following year.

The following Accounts provide an overview of the Commission's income and expenditure for 2012. The Commission is pleased to report that it ended the year with an operating surplus of approximately £6,500, which added to the grant provided an overall surplus of some £45,000. While an improvement on the previous year's operating deficit, the end of the grant means that the Commission cannot take its financial health for granted and must ensure the best possible value for money. This is as it should be.

It has been pressing on the Commission that its co-location within the department, while welcome for the various financial efficiencies that it offered, was not ideal for an independent body. The JGC has therefore aligned the end of grant-funding with a move to separate offices and will complete the move in time for the new licensing regime change in 2013. This will necessarily increase costs, in terms of rent, insurance and the other myriad running costs.

Next year's move to a new location has been guaranteed by prudent budgeting and will be delivered without additional demands being made on JGC licensees. The change in licensing brought about by the new Law will inevitably cause the Commission to review its fees and charges and it will liaise with the industry accordingly.

² £119,000.00 in 2011 and £38,600.00 in 2012

Respective responsibilities of Commissioners and independent auditors

The Commissioners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the 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 the Commission's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Commission;
- and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Commission's affairs as at 31 December 2012 and of its results for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Principles.

Alistair Rothwell, FCA
for and on behalf of Bracken Rothwell Limited
Chartered Accountants
St Helier

Jersey
Date: 24 April 2013

JERSEY GAMBLING COMMISSION
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	<u>Notes</u>	2012 (12 Months) £	2011 (16 Months) £
Regulatory income	(2)		
Licence fees		353,387	396,138
Social permits		<u>10,900</u>	<u>14,110</u>
		<u>364,287</u>	<u>410,248</u>
 Operating expenditure	 (2)		
Payroll	(3)	316,501	375,018
Conference and travel expenses		15,244	25,344
Dues, subscriptions and software licences		11,334	17,175
Postage, stationery and telephone		2,248	5,418
Audit fees		4,000	4,000
Computer and internet expenses		1,567	2,413
Depreciation		3,244	2,362
Professional fees		3,310	2,398
Other expenses		<u>301</u>	<u>175</u>
		<u>(357,749)</u>	<u>(434,303)</u>
 Operating surplus/(deficit)		 6,538	 (24,055)
 Other income			
Bank interest earned		207	-
Grant	(2)	<u>38,900</u>	<u>119,000</u>
 Surplus for the period	 (6)	 <u>45,645</u>	 <u>94,945</u>

All income for the year has been derived from continuing operations and there are no recognised gains and losses other than those shown above.

The accompanying accounting policies and notes form an integral part of these audited financial statements.

**JERSEY GAMBLING COMMISSION
BALANCE SHEET
AS AT 31 DECEMBER 2012**

	<u>Notes</u>	2012 £	2011 £
Fixed Assets			
Tangible fixed assets	(4)	4,124	7,368
Current Assets			
Cash		396,752	237,014
Debtors		<u>1,250</u>	<u>-</u>
		<u>398,002</u>	<u>237,014</u>
Creditors: amounts falling due within one year			
Licence fees received in advance		237,703	140,500
Other creditors and accruals	(5)	<u>23,833</u>	<u>8,937</u>
		<u>(261,536)</u>	<u>(149,437)</u>
Net Current Assets		<u>136,466</u>	<u>87,577</u>
Net Assets		<u>140,590</u>	<u>94,945</u>
Represented by:			
Accumulated reserve	(6)	<u>140,590</u>	<u>94,945</u>

The financial statements were approved and authorised for issue by the Jersey Gambling Commission on 24 April 2013 and signed on its behalf by:

Dr Jason Lane
Chief Executive

The accompanying accounting policies and notes form an integral part of these audited financial statements.

JERSEY GAMBLING COMMISSION
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 (12 Months) £	2011 (16 Months) £
Reconciliation of operating deficit to net cash inflows from operations:		
Operating surplus/(deficit) for the period	6,538	(24,055)
Increase in license fees received in advance	97,203	140,500
Bank interest earned	207	-
Depreciation	3,244	2,362
Increase in debtors	(1,250)	-
Increase in creditors	14,896	8,937
	<u>120,838</u>	<u>127,744</u>
Grants and fixed assets:		
Grants received	38,900	119,000
Payments to acquire fixed assets	<u>-</u>	<u>(9,730)</u>
Net cash flows from grants and fixed assets	<u>38,900</u>	<u>109,270</u>
Net cash flow for the period	159,738	237,014
Funds brought forward	<u>237,014</u>	<u>-</u>
Funds carried forward	<u>396,752</u>	<u>237,014</u>

The accompanying accounting policies and notes form an integral part of these audited financial statements.

JERSEY GAMBLING COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 GENERAL INFORMATION

The Jersey Gambling Commission ("the Commission") was created by the Gambling Commission (Jersey) Law 2010 which came into force on 3 September 2010 and is responsible for the licencing, registration and regulation of gambling in the Island of Jersey.

2 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Principles and the Gambling Commission (Jersey) Law 2010.

(b) Going concern assumption

The results for the period show that the Commission is in a positive cash position, has a positive net asset value and has made a surplus for the period. The Commissioners consider that the use of the going concern basis is appropriate for the current period and for 12 months from the date of signing of these accounts.

(c) Income

Licence fees

Under the terms of the Gambling (Jersey) Law 1964 and subordinate legislation, licences granted by the Commission are valid for a year. A non-refundable licence fee is payable on issue of the licence and in advance of each anniversary of its issue (see note 8). The licence fees are recognised in the Income and Expenditure Account over the period of each licence and included in deferred revenue if related to the post year-end period.

Social permits

Income from these permits is recognised on an accruals basis.

(d) Grants

These grants provided by the Economic Development Department are for a two year period only (2011 - £119,000, 2012 - £38,900). The grants are non-refundable unless the Commission ceases to comply with the conditions set out in clause 7 of the Partnership Agreement (see note 7). The grants are recognised on an accruals basis.

(e) Expenses

Expenses are accounted for on an accruals basis.

(f) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided from the month of acquisition on all tangible fixed assets at rates calculated to write down their cost on a straight-line basis to their estimated residual values over their expected useful life, being 3 years for both computer equipment and website costs.

(g) Cash

Cash in the balance sheet comprises amounts held with HSBC Bank Plc on current and deposit accounts.

3 PAYROLL

	2012 (12 Months) £	2011 (16 Months) £
Staff salaries	205,262	221,982
Commissioners' fees	72,000	96,000
Pension contributions	25,998	30,187
Commissioners' expenses	3,297	16,802
Social security payments	<u>9,944</u>	<u>10,047</u>
	<u>316,501</u>	<u>375,018</u>

Staff salaries

The average number of staff employed during the year was 3. For the period September to December 2010 the cost of these salaries was split equally between the Commission and the Economic Development Department as, at that time, these employees were working for both departments of the States of Jersey.

Commissioners' expenses

Commissioners' expenses are in respect of the Chairman's commuting costs from the UK and accommodation.

Pension contributions

Staff who were initially employed by the States of Jersey are members of the Public Employees Contributory Retirement Scheme ("PECRS") which, whilst a final salary scheme, is not a conventional defined benefit scheme because the employer is not necessarily responsible for meeting any on-going deficit in the scheme. The assets are held separately from those of the States of Jersey. Contribution rates are determined by an independent qualified actuary so as to spread the costs of providing benefits over the members' expected service lives.

Because the Commission is unable to readily identify its share of the underlying assets and liabilities of PECRS, contributions to the scheme have been accounted for as if they are contributions to a defined contribution scheme at the rate of 13.6% (2011: 13.6%). This rate is expected to continue to be payable during 2013.

Actuarial valuations are performed on a triennial basis, the most recent published valuation being as at 31 December 2010. The main purposes of the valuation are to review the operation of the scheme, to report on its financial condition, and to confirm the adequacy of the contributions to support the scheme benefits. Copies of the latest Annual Accounts of the scheme, and of the States of Jersey, may be obtained from the States Treasury, Cyril Le Marquand House, The Parade, St Helier, JE4 8UL.

4 TANGIBLE FIXED ASSETS

	Website £	Computer Equipment £	Total £
Cost			
	<u>5,183</u>	<u>4,547</u>	<u>9,730</u>
Depreciation			
At 1 January 2012	720	1,642	2,362
Charge for the period	<u>1,728</u>	<u>1,516</u>	<u>3,244</u>
At 31 December 2012	<u>2,448</u>	<u>3,158</u>	<u>5,606</u>
Net book values			
At 31 December 2012	<u>2,735</u>	<u>1,389</u>	<u>4,124</u>
At 31 December 2011	<u>4,463</u>	<u>2,905</u>	<u>7,368</u>

5 OTHER CREDITORS AND ACCRUALS

	2012 £	2011 £
Creditors	18,205	3,081
Audit fee accrual	4,000	4,000
Accountancy fee accrual	1,500	1,500
HSBC Commercial Card	<u>128</u>	<u>356</u>
	<u>23,833</u>	<u>8,937</u>

6 ACCUMULATED RESERVES

	2012 £	2011 £
Accumulated reserves brought forward	94,945	-
Surplus for the period	<u>45,645</u>	<u>94,945</u>
Accumulated reserves carried forward	<u>140,590</u>	<u>94,945</u>

7 RELATED PARTY TRANSACTIONS

For the purposes of disclosure, the Economic Development Minister, and as a result, the States of Jersey (the "States"), are considered related parties.

The Commission incurs limited expenses apart from salaries, as the States provides a number of

overheads such as accommodation, utilities, insurance and other office requirements. In addition, 50% of staff payroll costs were borne by the States between September and December 2010 (see note 3).

The Commission received grants from the States of £38,900 during the year (2011: £119,000) as agreed in the Partnership Agreement entered into by the Commission and the Economic Development Department on 15 December 2010. The purpose of this Agreement was to put in place an agreed framework with which the Economic Development Department would provide funding to the Commission for the years 2011 and 2012. The Agreement terminated on 31 December 2012.

SUBSEQUENT EVENTS

On 1 January 2013, the Commission entered into a lease agreement in respect of its offices at Salisbury House at a rate of £12,000 per annum until 20 June 2016, with a rent review taking place on 1 January 2014.

Effective from 1 January 2013, the Gambling (Jersey) Law 2012 and associated Regulations came into effect, replacing the Gambling (Jersey) Law 1964. The main impact of this new law on the Commission is that it enables it to set the level of licence fees which were previously prescribed by law.

The Jersey Gambling Commission

The Jersey
Gambling Commission



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