

# The Jersey Gambling Commission



2013  
Annual Report & Accounts

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## Chairman's Statement

It is only fitting that in this third Annual Report, I take the opportunity to put across the views of the Board of Commissioners mid term in our period of office. We have spent the past six years, both in shadow form and after the coming into force of the Commission Law, waiting for and anticipating change. That change is now upon us and we can look forward to the further development of policies designed to permit and enhance the regulation of commercial gambling, both existing and new. It is also an opportunity to note delivery on a number of promises: to reduce the bureaucracy and costs associated with gambling as a charitable fundraiser, to become self-financing and to develop policies to assist the protection of the vulnerable.

Of course work on this latter objective is by no means complete and the Commission recognises its supporting role in working with health professionals and gambling charities to ensure that the public of Jersey receives the best possible advice and that those gamblers who desire help are able to receive it. I would like to personally thank Dr Wade who stood down from the Social Responsibility Panel during the year and congratulate Dr Gwyer who took her place, for the enormous contribution that they make to the debate. At best the Commission is a facilitator in this area. We can find funds to assist and we can ensure that licensing policies reflect best practice, but it is the health professionals and practitioners who actually help those in need. To that end I also want to put on record the Board's appreciation of the role of the Social Responsibility Panel and its broader membership, presenting as it does the interests of health, commercial licensees and the Commission.

The Commission continues to give advice to the States and to the public, but by far its biggest role is now the licensing and regulation of commercial gambling firms. The Executive of the Commission have successfully steered the industry through the transition from an outdated and limited 1960s regime into a more flexible, but better controlled environment. It remains to be seen what appetite the public have for further change, but the Commission has put on record on numerous occasions its commitment to consult on and if deemed appropriate, broaden the scope of commercial gambling available in Jersey. This will begin in 2014 with work to ascertain Islanders' views on the controlled expansion of the gaming machine sector, as well as the introduction of commercial card clubs. Other sectors may well follow. Clearly the UK Government's intention to introduce 'point of consumption' licensing and by so doing abolish the restrictive and anticompetitive 'White List' will mean that Jersey can at least begin to offer a realistic alternative to operators thinking about establishing a new base.

Finally it is worth making a comment on the state of the licensed industry in Jersey. The advent of the new Law is a double-edged sword as it provides greater flexibility for them and new opportunities, but also subjects them for the first time to rigorous licensing conditions and oversight by a professional regulator appropriately armed with powers proportionate to its role and duties. The former cap on numbers of licences is now removed and licensed gambling firms will have to compete for business in what is, after all, a small and finite market. This should be good for the consumer, but it will be challenging for business in a commercial environment that is not as buoyant as it once was. Knowing this, I would like to also put on record my belief that the commercial sector in Jersey is well run and that the relationship between regulator and industry, is both professional and helpful.

Graham White, OBE  
Chairman

## Chief Executive's Statement

The Commission's relationship with the States is governed by the 2010 Commission Law and this Annual Report represents part of the information that the JGC provides to States Members, Ministers and Departments throughout the year. As part of the States' Comprehensive Spending Review process, the JGC saw its public funding come to an end in 2012 and this is the first year that it has operated without any direct cost to or subsidy from the taxpayer. The Commission gave advice on a number of topics through the year, of which the two main areas concerned changes to the UK 'White Listing' policy and machine gambling. The JGC will continue to support States Members and Ministers with impartial professional advice on the sector as requested.

2013 was always going to be a challenging year as the JGC moved from the 1960s regime to introduce the changes brought about on 1<sup>st</sup> January as the Gambling (Jersey) Law 2012 came into force. The clear objective was to put in place the new policies required by the Law and transfer established businesses into the new licensing regime.

The majority of 2013 was thus dedicated to making the new Law work for new and existing gambling sectors in Jersey. One of our first priorities was to overhaul the overly bureaucratic approach the previous legislation applied to gambling used by charities and clubs to raise funds for their causes. We devised an ethos for our work on this sector: make it simple, retain accountability and reduce fees for good causes.

Under 1960s legislation, charities and societies had first to register and then needed permits for each activity they wanted to promote; not only was this time consuming, it was also costly as every activity attracted a fee. Nothing could be advertised; lotteries and bingos relied on press coverage to make the Island aware of their promotions. The new system works on a series of thresholds and introduces exemptions, registrations and permits for the larger scale, big prize lotteries. Accountability is still required for all promotions as these are still gambling activities with the general public as customer. Feedback from the charitable sector has been positive and the Commission is pleased to report that the sector has saved circa £10,000 in former fees no longer levied, as well as significant time costs because of the reduction in bureaucracy.

The effect of the new Law is far reaching and applies to all Jersey based companies with links to overseas gambling corporations. To that end it is important that knowledge of the new Law and its licensing requirements was spread as quickly as possible so as to prevent inadvertent breaches of the Law. Consequently I wrote to the Jersey Law Society explaining the changes to the Law, as well as holding briefings with the third sector and other interested parties.

The Commission now has an established base in Salisbury House and shares some of the facilities of CICRA, the Competition Authority. This represents excellent value and I'm grateful to the Board and Executive of CICRA for putting this in place.

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 UK 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. Graham has been an active member of both GREF and IAGR for many years.

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 formerly every quarter besides *ad hoc* meetings, 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.

## The Executive

The Commission is fortunate to have consistency in its executive, with the same team having worked together since 2007. The change from the 1964 regime to that of the 2012 Law has brought additional demands and a new member of staff was recruited to develop the licensing and inspection regime. This brings the complement of staff back to the original number engaged in gambling regulation pre-2010 when it still 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 Chief Executive, Dr Jason Lane is currently Deputy Chairman of GREF and will take the Chair in 2014.

## **Approach to Regulation**

The Commission seeks to be both proactive and responsive in its approach to regulation. The Commission has adopted a risk based approach and this enables it to prioritise its efforts and focus upon those sectors of the industry that have the greatest impact upon the Island. It is for this reason that the Commission places a higher priority on the regulation of the commercial sector whilst taking a more light-touch approach to charitable and society gambling.

In July 2013 the Commission signified its commitment to this approach with the employment of an additional staff member dedicated to running a rolling programme of inspections. This will help to ensure that the regulated sector conforms to the Commission's core responsibilities under the Law.

The Commission recognises that a good working relationship with the regulated sector is of paramount importance to effective regulation. The Inspection Programme provides an excellent method of maintaining and enhancing relationships with the industry. During 2013 all holders of a Class 1 Bookmakers Licence were inspected, with a total of 49 inspections being conducted across the industry.

In addition to the Inspections Programme, the Commission oversees regulation by requiring holders of licences and permits to provide information on their gambling in the form of a Regulatory Return. This is a great improvement on the former process for regulating the Charitable and Social sector and oversight is achieved by a random sampling from the total number of registrations and requiring them to provide details of their gambling in the form of a Regulatory Return. No serious issues were identified in 2013.

Licensees, applicants and the public are encouraged to volunteer to the Commission any issues that may be relevant when matters arise; they are then assessed on their level of voluntary compliance and the potential seriousness of the infraction. This approach has proved successful over the past year with issues being identified and reported at an early stage, thus enabling the Commission to apply an appropriate level of response when resolving matters.

During 2013 there was only one occasion when the Commission had recourse to issuing a Direction under Article 35 of the Gambling (Jersey) Law 2012. This related to unsatisfactory procedures regarding persons self-excluding from an individual Bookmakers premises and the Commission was satisfied that the licensing conditions were not breached.

# Anti Money Laundering /Combating the Financing of Terrorism

## Terrestrial Commercial Industry

On 5 February 2013, the European Commission (EC) published proposals for a Fourth Money Laundering Directive to update the European anti-money laundering (“AML”) and counter-terrorism financing framework. Devised in line with the revised international recommendations of the Financial Action Task Force, the proposals introduce key changes to the scope of AML gambling supervision, which currently concentrates on virtual and terrestrial casinos.

The main changes applied to gambling industry are:

- The Directive extends the scope beyond ‘casinos’ to cover ‘providers of gambling services’.
- The Directive introduces the necessity for Member States to carry out a risk assessment at national level; the EC will set minimum factors to be considered in these assessments.
- Member States to choose between enhanced or simplified due diligence; but without exception due diligence must be applied.

The duties mandated on the Supervisory Body by this AML revision mirror the licensing and regulatory responsibilities and powers defined in the Gambling Law, for example:

- Competent authorities must ensure that owners and persons directing the business are "fit and proper" to do so.
- Competent authorities will have enhanced supervisory powers, e.g. to conduct on-site inspections.

Commission officers met with MONEYVAL representatives during their pre-evaluation visit to Jersey for an overview of the Island’s regulated gambling activities. MONEYVAL is a monitoring body of the Council of Europe, its aim is to ensure that its members have in place effective systems to counter money laundering and terrorist financing and comply with the relevant international standards in these fields. MONEYVAL’s assessment is scheduled to commence Autumn 2014.

## 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 in due course to devise and implement guidance in respect of duties under the law and compliance criteria.

It is worthy of note that these provisions currently only apply to casinos and casino games. They do not apply to online slot operations or other gambling products.

## Licensing and Regulation

The Commission licences and regulates four main areas:

- Terrestrial Commercial Gambling;
- Remote Commercial Gambling;
- Ancillary (Gambling) Services;
- Charitable, Club and Social Gambling.

As the Gambling (Jersey) Law 2012 took effect from 1<sup>st</sup> January 2013, all applications made in 2012 for the year ahead were processed and subject to the provisions of the 1960s legislation. Conversely, activities that had not previously been subject to regulation fell into regulatory fold, such as ancillary service providers, for example gaming machine suppliers and gambling software designers.

### Article 9: Gambling (Jersey) Law 2012

The Law is unambiguous; Article 8 states that it is an offence to provide a commercial gambling service from Jersey without a licence and the offence carries a maximum of 5 years imprisonment and an unlimited fine. Commercial gambling is where a gambling service is provided by at least one person by way of business, to at least one person who gambles as a customer (not by way of business). This is distinguished from an ancillary service, known as business to business or B2B where a gambling service is provided by way of business, but only to others who are also acting by way of a commercial gambling business.

Article 9 requires the Commission to consult on and publish its policies on what types of commercial gambling will be licensed, and what standard conditions will normally be imposed on licences for different types of commercial gambling. These statement and policy requirements also extend to gambling promotions of charities and societies with permissions defined under the Gambling (Charitable and Membership Gambling Services) (Jersey) Regulations 2012 and also those B2B arrangements outlined under the Gambling (Ancillary Services and Miscellaneous Provisions) (Jersey) Regulations 2012.

### Policies

Throughout 2013 the JGC produced a wide range of policies for both commercial operations, B2B arrangements and a less onerous set of approval criteria for charitable and social gambling. The following is a list of policies for permits and licences produced throughout 2013. Copies of all of these policies are available at: [www.jgc.je](http://www.jgc.je).

#### General:

- Advertising Policy (applicable to all gambling in Jersey)
- Civil Penalties Policy (applicable to commercial licensees only)
- Temporary Licences and Permits

#### B2B (permit policies):

- Software Designers Permit
- Machine Suppliers Permit
- Hosting Service Providers Permit

#### Commercial:

- Thrift Club Licence
- Amusement with Prizes at Events Licence
- Crown & Anchor Licence
- Gaming Machine Licence
- Promotional Lotteries Licence
- Personal Gambling Licence
- Occasional Bookmakers Licence
- Class 2 (On-course) Bookmakers Licence
- Class 1 Bookmakers Licence



## **Advice (forming guidance or advice or conditions of licences and permits)**

- Membership Gambling
- Conducting Public Lotteries
- Conducting Private Lotteries:
- Complaints & Disputes Procedure for LBOs

### **Licensed Bookmakers**

Licensing provisions under the Gambling (Jersey) Law 1964 created a requirement for Bookmakers to apply for licences 3 months prior to 31<sup>st</sup> December. This meant throughout 2013 the 1965 Regulations governed this sector. In June the JGC produced a draft Article 9 licensing policy and submitted it for consultation with the betting office sector. Approved in early August, the JGC offered the option of surrendering 1965 licences and transferring to the new licensing scheme under a temporary licence until the end of 2013. Previously, the validity of a licence was yearly, a new Class 1 Bookmakers Licence is granted for 5 years and subject to an annual fee. As requisite fees had already been received from the sector, it was agreed that the validity of new licences should commence 1<sup>st</sup> January 2014. By mid-August all shop based operators had transferred to the new scheme.

### **Public Consultation: Gaming Machines**

In July 2013 the Commission embarked on a three month Public Consultation on modifying restrictions placed on gaming machines by introducing a new licensing regime. The proposed changes concerned stake, prizes and permitted locations for different classes of machine.

The majority of respondents approved the siting of certain categories in specific liquor licensed premises, and the following types of machine are now permitted in Jersey:

**Type I (Category A):** these are £1 stake and up to £100 top prize. Numbers are restricted to no more than two machines per premises and only within liquor licensed premises.

**Type II (Category B4):** these are £1 stake and up to £250 top prize. These may only be sited in private members clubs and entry by the general public is restricted. Numbers are restricted to no more than two machines per premises.

### **Remote Gambling**

The Gambling (Licensing and Advertising) Bill, progressed through Committee stages in the UK during 2013, and will (if adopted) see the introduction of a new Point of Consumption tax on remote gambling operators transacting with UK citizens. The Bill also introduces a requirement for any UK facing operators to have a UK Gambling Commission licence; it will also abolish the "White List". Due to the suspension of applications by the UK government, Jersey is not a white-listed jurisdiction and the abolition of this list will, it is felt, benefit the Island. Evidently, should the Bill be passed, new opportunities may arise for local businesses and the JGC will continue to work closely with ED and these businesses. To date a temporary Business to Business (B2B) Permit has been issued to an ancillary service for a remote platform provider and managed in Jersey through Personal Gambling Licence holders. The Commission welcomed this opportunity to further refine and develop its regulatory structure in regard to e-gaming in the Island.

## The Social Responsibility Panel

Dr. Pat Gwyer, Consultant Clinical Psychologist for Psychology Assessment and Therapies Service based at Overdale joined the Panel on the resignation of his colleague Dr Tracy Wade.

Following the recommendation of the Social Responsibility Panel to continue an educational approach to issues surrounding Social Responsibility, the Commission produced a pamphlet called Advice and Awareness of Problem Gambling. This was designed as an information resource for General Practitioners and sent to the Primary Care Body (representing GP's in Jersey) for distribution to its members. The Commission also liaised with the Youth Enquiry Service (YES) and provided literature in respect of Gambling Therapy, the online counselling service sponsored through the Social Responsibility Fund and copies of Advice and Awareness of Problem Gambling for use by YES advisors.

### 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.

### 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 research into the benefit of online counselling for problem gamblers<sup>1</sup>, the Panel agreed to recommend continuing the support given to Gambling Therapy (GT). The Panel approved posters and leaflets for this service, which were subsequently issued to all Licenced Betting Offices, Parish Hall, Citizen's Advice Bureau and the Library. A review of the costs was undertaken by the Executive of the Commission and the donation to GT was reduced. There was no impact on service delivery as a consequence of the reduction in financial support to GT.

### Social Responsibility Fund

Ensuring funding while finding the fairest method of industry funding without using the levy mechanism provided by the Gambling Commission Law, was a difficult decision for the Commission. As the majority of licensees donated to the fund, the betting sector were asked to suggest a mechanism to guarantee funding. One bookmaker proposed the following tariff: £250 per shop per annum plus £100 per betting terminal per annum and this has been adopted and imposed as a licence condition. The mechanism seems fair and reflects the affordability range of single site to multi-site operators.

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

## **Industry Support**

The Panel notes the support given by the Commission's licensees to its work and the vital role of the contributions paid by licensees into the Social Responsibility Fund. The move from a voluntary to a mandatory social responsibility payment as part of the licence fee will guarantee the future of the Fund and ensure that responsibility for it is as equitable as possible.

## **Financial Statements**

### **Financial Commentary**

In keeping with its independent status and reflecting the continuing pressure on public finances, the Commission has adopted a policy of full financial self-sufficiency. Financial self-sufficiency is not just a process of balancing the books on a yearly basis. As a regulatory body, the Commission must be prepared to robustly defend its actions and have the resources available to meet foreseen challenges. Ultimately, as a public body, it can call on the States for support where an issue could not be forecast, but in general terms the policy of the Commission is to build up a reserve capable of meeting its obligations moving forward.

The Commission receives the majority of its funds from commercial licence fees. Reflecting the policy decision in the new Law, fees and charges for the charitable, social and club sector have been markedly reduced. There is no public funding.

The following Accounts provide an overview of the Commission's income and expenditure for 2013. The Commission is pleased to report that it ended the year with an operating surplus of approximately £85,298. This is a significant achievement given that the Commission employed a new member of staff mid-year and was subject to its first full year of professional fees and costs having moved into its own offices in January.

## **Independent Auditor's Report to the Minister For Economic Development of the Jersey Gambling Commission**

We have audited the financial statements of the Jersey Gambling Commission (the "Commission") for the year ended 31 December 2013, which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Generally Accepted Accounting Principles. The applicable law is the Gambling Commission (Jersey) Law 2010.

This report is made solely to the Minister for Economic Development in accordance with Article 18(4) of the Gambling Commission (Jersey) Law 2010. Our audit work has been undertaken so that we might state to the Minister for Economic Development those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Commission and the Minister for Economic Development for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Commissioners and independent auditors**

As explained more fully in the Statement of Commissioners' Responsibilities set out on page 1 to 2, 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 and express an opinion on 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and the 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 Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Commissioners; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Commissioners' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion**

In our opinion the financial statements:

- Give a true and fair view of the state of the Commission's affairs as at 31 December 2013 and of its result for the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Principles and requirements of the Gambling Commission (Jersey) Law 2010.

### **Bracken Rothwell Limited**

Chartered Accountants  
8th Floor, Union House  
Union Street  
St Helier  
JE2 3RF

**Income and Expenditure Account**  
**For the Year Ended 31 December 2013**

	Note	2013 £	2012 £
<b>Regulatory and other income</b>			
Licence fees		504,932	353,387
Social permits		150	10,900
Social registrations		1,670	-
Other income	8	522	39,107
<b>Total income</b>		<u>507,274</u>	<u>403,394</u>
<b>Operating expenditure</b>			
Payroll	2	337,365	313,204
Commissioners' expenses	3	2,164	2,055
Conference and travel expenses		18,173	16,486
Dues, subscriptions and software licences		12,322	11,334
Postage, stationery and telephone		7,361	2,248
Audit fees		5,800	4,000
Computer and internet expenses		1,526	1,567
Depreciation	5	4,689	3,244
Professional fees		14,890	3,310
Occupancy costs	9	14,230	-
Insurance	9	2,300	-
General operating expenses		1,156	301
<b>Total expenditure</b>		<u>(421,976)</u>	<u>(357,749)</u>
<b>Operating surplus and surplus for the year</b>		<b>85,298</b>	<b>45,645</b>

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 financial statements.

**Balance Sheet**  
**As at 31 December 2013**

	Note	£	2013 £	£	2012 £
<b>Fixed assets</b>					
Fixed assets	5		3,771		4,124
<b>Current assets</b>					
Debtors		2,528		1,250	
Cash		<u>478,020</u>		<u>396,752</u>	
		480,548		398,002	
<b>Creditors: due within one year</b>	6	<u>(258,431)</u>		<u>(261,536)</u>	
<b>Net current assets</b>			<u>222,117</u>		<u>136,466</u>
<b>Net assets</b>			<u>225,888</u>		<u>140,590</u>
<b>Represented by:</b>					
Accumulated reserves	7		<u>225,888</u>		<u>140,590</u>
			<u>225,888</u>		<u>140,590</u>

The financial statements were approved and authorised for issue by the Jersey Gambling Commission on 7<sup>th</sup> July 2014 and were signed on its behalf by:

Dr Jason Lane  
Chief Executive

**Cash Flow Statement**  
**For the Year Ended 31 December 2013**

	£	2013 £	£	2012 £
<b>Cash generated from operations</b>				
<b>Operating surplus</b>	<b>85,298</b>		45,645	
Depreciation of tangible fixed assets	4,689		3,244	
Increase in trade debtors	-		(1,250)	
Increase in other debtors	(1,278)		-	
(Decrease)/increase in creditors	<u>(3,105)</u>		<u>112,099</u>	
		<b>85,604</b>		159,738
<b>Application of cash</b>				
Purchase of tangible fixed assets	<u>(4,336)</u>		<u>-</u>	
		<b>(4,336)</b>		-
<b>Net increase in cash</b>		<b>81,268</b>		159,738
Cash at 1 January		<b>396,752</b>		237,014
<b>Cash at 31 December</b>		<b><u>478,020</u></b>		<b><u>396,752</u></b>



# Notes to the Financial Statements

For the Year Ended 31 December 2013

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## 1. Accounting Policies

### 1.1 General Information

The Jersey Gambling Commission (the "Commission") was created by the Gambling Commission (Jersey) Law 2010 and is responsible for the licencing, registration and regulation of gambling in the Island of Jersey. It transferred all responsibilities for licensing, registration and regulation of gambling prescribed as the duty of the Minister, the former Licensing Assembly or other States bodies to this new Authority.

### 1.2 Basis of preparation of financial statements

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.

### 1.3 Going concern

The Commissioners consider, given the financial condition of the Commission, the use of the going concern basis is appropriate for the current year and for 12 months from the date of signing these accounts.

### 1.4 Income

#### Licence fees

Under the terms of the Gambling (Jersey) Law 2012 and subordinate legislation, licences granted by the Commission are valid for up to five years. A non-refundable licence fee is payable on issue of the licence and at each anniversary of its issue. (The licence fees are recognised in the Income and Expenditure Account over the period of each licence and included in deferred revenue if relating to the following year.

#### Social permits and registrations

Income from these permits and registrations is recognised on an accruals basis.

### 1.5 Expenses

Expenses are accounted for on an accruals basis.

### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets, consisting of the Commission's website and computer equipment, are stated at cost less depreciation. Depreciation is provided from the month of acquisition on all tangible fixed assets on a straight-line basis over 3 years.

### 1.7 Cash

Cash comprises current and deposit accounts with maturities of less than 3 months.

## 2. Payroll

	2013 £	2012 £
Staff salaries	238,327	215,206
Commissioners' fees	72,000	72,000
Employer's pension contributions	27,038	25,998
	<u>337,365</u>	<u>313,204</u>

The number of staff employed during the year was 4 (2012: 3).

### Pension contributions

Staff initially employed by the States of Jersey before 1 January 1999 of which there are 3 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% (2012: 13.6%). This rate is expected to continue to be payable during 2014.

Actuarial valuations are performed on a triennial basis, the most recently published was the PECRS Actuarial Valuation for 31 December 2010 on 23 May 2012. 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.

## 3. Commissioners' expenses

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

## 4. Taxation

Article 17 of the Gambling Commission (Jersey) Law 2010 provides that the income of the Commission shall not be liable to income tax under the Income Tax (Jersey) Law 1961.

**5. Tangible fixed assets**

	Website £	Computer equipment £	Total £
<b>Cost</b>			
At 1 January 2013	5,183	4,547	9,730
Additions	<u>-</u>	<u>4,336</u>	<u>4,336</u>
At 31 December 2013	<u>5,183</u>	<u>8,883</u>	<u>14,066</u>
<b>Depreciation</b>			
At 1 January 2013	2,448	3,158	5,606
Charge for the year	<u>1,728</u>	<u>2,961</u>	<u>4,689</u>
At 31 December 2013	<u>4,176</u>	<u>6,119</u>	<u>10,295</u>
<b>Net book value</b>			
At 31 December 2013	<u>1,007</u>	<u>2,764</u>	<u>3,771</u>
At 31 December 2012	<u>2,735</u>	<u>1,389</u>	<u>4,124</u>

**6. Creditors: Amounts due within one year**

	2013 £	2012 £
Licence fees received in advance	246,228	237,703
Other creditors and accruals	12,203	23,833
	<u>258,431</u>	<u>261,536</u>

**7. Accumulated reserves**

**Income and expenditure account**

	2013 £	2012 £
At 1 January	140,590	94,945
Surplus for the year	<u>85,298</u>	<u>45,645</u>
At 31 December	<u>225,888</u>	<u>140,590</u>

## **8. 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 received grants from the States totalling £157,900 up to 31 December 2012 (£38,900 in 2012) 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 a 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 and no further agreements were made in relation to the current or future financial years.

## **9. Leases**

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. Previously, accommodation and related expenses including insurance were provided under the Agreement with the Economic Development Department (see note 8).

The Commission now pays all property related expenses.



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