

2020

Jersey Gambling Commission
Annual Report and Accounts



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Chairman's Statement

It is my pleasure to present this, the tenth Annual Report of the Jersey Gambling Commission.

2020 marked the end of the Commission's first decade in its present form; we hoped for a measure of quiet reflection and celebration of the work undertaken and completed in that time, because much has been achieved. However, like so many other organizations, we were forced by the pandemic to turn our energies to formulating changes in thinking, practice and delivery. What started as a typical year swiftly changed and the Commission was forced to change with it. I am particularly pleased to note that although face to face meetings were suspended, the work of the Commission continued apace, energy was unabated and we fell into no deficit as regards meeting our statutory obligations under our guiding principles.

The suspension of leisure activities and the requirement to maintain distancing created substantial problems for charitable fundraising, the majority of which activity has a socially interactive component to it in normal times. For this reason, the value of charitable gambling as a method of fundraising increased considerably. The Commission recognised that its established protocols (based on face to face verification) would not work within the new arrangements required by government and rapidly remodelled our licensing process to allow charities to sell tickets online, something which had hitherto been prohibited. Although some organisations did find initial difficulty in the requirement to verify the age of customers electronically, the system proved effective and sustainable. This was an important achievement, because it proved that the Policy did indeed have the flexibility to change and as a consequence, the Commission will consider adapting the system to allow for further simplification of the process, so long as the core aims of the statute remain protected.

As ever, the central responsibility of the Commission is to maintain the protections put in place by the legislature to counter the potential for harm. One of the best ways to achieve this is through education and the Commission has continued its relationship with Gambling Therapy, offering online advice and information on how best to address problem gambling. It has raised awareness by maintaining its media campaign over both print and radio. These initiatives are paid for from the Social Responsibility Fund, a dedicated account funded by charges on the industry. The Fund has also been used to pay for both general and specialist awareness training for government officials. Provided by Gamcare, a UK specialist charity, participants were informed about risk factors and the potential impact on specific groups, indicators and warning signs, as well as traits of gambling-related harm and useful interventions. Feedback from the training has been positive and the Commission is encouraging other government departments to participate. This trend of the Regulator leading the response to need for public sector training has by now become familiar. One cannot pretend that this is altogether satisfactory.

As I noted in last year's report, the Commission will always prioritise this area of its remit, but is bound to recognise that a gambling regulator does not have either the specialist knowledge or the resources to address what is increasingly being recognised world-wide as part of a public health issue. Partnership with public health agencies is therefore indispensable. The Commission will continue to seek to develop such partnerships as it has sought to do for years past. Of course we recognize that the needs of people struggling with addictive behaviours has had to come second to the need for government to deliver a prioritised system of healthcare based on the catastrophic risk posed by Covid. The reasons for this are well-known and well-rehearsed, but as we hope to move into a more manageable level of risk, it is important that we refocus back onto those people with other and wider health needs. An important part of this will be the signing of the Memorandum of Understanding that the Commission proposed pre-pandemic. This will provide an invaluable framework for both receiving the views of government on regulatory issues and to ensure that the Commission is able to champion the needs of those who, for various reasons, struggle with gambling and the effect that it has upon them, their families and wider social networks.

In concluding, I wish once again to recognise the far-reaching contribution of my fellow Commissioners and the executive.

I commend this report to the Minister and respectfully request that it be forwarded for submission to the States.

Advocate Cyril Whelan
Chairman

Chief Executive's Statement

Little could we know as we welcomed our newest member of staff last March, that her first day in the office would also be her last until the end of the first lockdown. Covid, for all the misery that it brought to the world, was also a wake-up call to those organisations that did not have well thought-out and tested business continuity provisions. It also proved the value of the organizational Risk Register. I am pleased to say that although decamping from the office to our respective homes made team working that little bit harder, the Commission continued to function and, I would hope to think, the service provided to our clients (most of it delivered via email anyway) continued from their perspective, much as it always has.

That having been said, the one area where progress proved more difficult was in respect of increasing the provision of services available for those who struggle with their gambling, either through an addiction, excessive play, or by the actions of a loved one. The Commission takes its duties in respect of Social Responsibility extremely seriously. As noted in previous reports, 'the Commission will endeavour to develop relationships with specialist charities so that greater choice and support can be made available on Island in the future'. Taking this forward has proven particularly difficult because of the pandemic, as priorities have changed and organisations, for quite understandable reasons, have taken the opportunity to progress issues closer to home and requiring less engagement. For that reason, the long-held ambition of the Commission, creating an on-Island specialist treatment service for people struggling with gambling, was essentially put on hold during 2020.

There are some positives to report. The Commission continued its outreach programme of engagement by increasing its radio and print advertising to include a popular local electronic news provider. The Commission also made use of the Social Responsibility Fund (SRF) to provide awareness and specialist training to several departments of the Government of Jersey and its arms-length bodies. This is a trend which we hope will continue and develop and includes an offer to government health professionals to avail of funding for specialist training in Motivational Interviewing, a key technique for supporting individuals across a number of different areas of need. That said, without understanding and positive engagement from other bodies, there is only so much a regulator can do. To that end, the Commission requires support and advice from government, health professionals and the third sector to tackle what is universally accepted as being a public health issue.

In respect of the commercial sector, the caution expressed in last year's report was warranted, but the fuller impact of the pandemic remains to be seen. The bookmaking industry, a sector which was already under sustained pressure, bore the brunt of the economic consequences, with shops shut for prolonged periods and public confidence to return undoubtedly affected. The year saw the closure of a further shop, continuing the slow decline in numbers that started in 2014. The remote gambling sector fared slightly better, clearly benefitting from its technological advantages, but in this sector too competition is significant and those operators focusing purely on sports betting or its derivatives were hit hardest. The year brought two changes to the Commission's portfolio of remote licensees, albeit unlinked to the pandemic. One company surrendered its licence having decided to change its plans and although it had been granted a permit, had not as yet utilized it operationally. The second migrated its business from being an operator directly transacting with clients to a business to business model which required a technical change from a licence to a permit.

In fiscal terms, with much of its fee income invoiced at the beginning of the year, the Commission budget remained stable, with an end of year retained surplus of £75,594 (excluding the SRF). Some of this was due to initiatives that could not be moved forward because of the pandemic, including several cancelled regulatory meetings and conferences. Importantly, these modest surpluses continue to ensure that the Commission can continue to meet its statutory obligations at no direct cost to the taxpayer.

Dr Jason Lane
Chief Executive

The Board



CYRIL WHELAN
CHAIRMAN



DEBBIE SEBIRE
COMMISSIONER



MATTHEW SWAN
COMMISSIONER

Called to the English bar in 1979 and to the Jersey bar in 1982, Advocate Whelan spent 28 years as senior legal adviser in the Law Officers' Department in Jersey. He was appointed to the office of Crown Advocate immediately upon the creation of that office in 1987 and remains the Island's longest serving Crown Advocate. He has served from time to time as Jersey's acting Attorney General and has also acted on behalf of successive Attorneys General in the implementation of major regulatory and mutual assistance legislation in Jersey.

Advocate Whelan retired from the Law Officers' Department in 2007 and is currently a Senior Consultant at the local law firm Baker and Partners. Among other positions of public service, he sits as one of Jersey's Coroners and chairs the Appeals Panel in respect of the fitness of medical professionals under the relevant legislation. He serves on the conditional early release panel in respect of those serving custodial terms in the Jersey prison system. He continues to serve as a director of the Jersey Opera House.

Advocate Whelan completed the ten-year maximum tenure as a Commissioner of the Jersey Financial Services Commission in June 2020. A Commissioner of the Jersey Gambling Commission since November 2015, he was appointed Chairman by the States from 1st October 2016 and re-appointed for a further four-year term in November 2019.

Appointed to the Commission in November 2015 and re-appointed in 2019, Ms Sebire additionally sits on the Board of Highvern Trustees Limited as a non-executive director. From 2004 to 2012 Ms Sebire was the Director of Trust Company Business for the Jersey Financial Services Commission. Prior to that from 1991 to 2004 Ms Sebire was a Director of Citigroup's Jersey Trust Company, responsible at various times for running the Jersey Trust Company and a Mutual Fund Unit. Ms Sebire is an Associate of the Chartered Institute of Bankers and a Member of the Society of Trust and Estate Practitioners.

Appointed to the Commission in January 2016 and re-appointed in 2019, Advocate Swan is also currently a member of the Jersey Police Complaints Authority and an advisor for Citizens Advice Jersey. He was a partner at Ogier between 2001 and 2015, heading their European banking and finance group and acting as the managing partner of the Jersey law firm. He has been qualified as a lawyer in England and Wales, Jersey and Cayman. He has been listed as a leading individual for banking and finance in Chambers and Legal 500.

The Executive

The Executive represents the Commission domestically 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.



JASON LANE
CHIEF EXECUTIVE



DAVID EVANS
DEPUTY CHIEF EXECUTIVE

Jason became Chief Executive of the independent Jersey Gambling Commission on its inception in 2010. He is the current Vice President of IAGR, a former Chairman of GREF (2014-16) and a member of the International Masters of Gaming Law. In 2017 Jason was also appointed by the Minister for Home Affairs as Chairman of the Jersey Police Authority.

David has worked for the UK Financial Services Authority and Pensions Regulator. In 2001 he joined the Gaming Board for Great Britain (latterly the Gambling Commission) as Inspector for Intelligence & Operations, also serving as MLRO. In 2006 he joined the Jersey Civil Service and transferred to the Jersey Gambling Commission in 2010. As Deputy Chief Executive David has responsibility for probity investigations on applicants and the production of guidance and Codes of Practice.

The Commission also employs an Executive Officer and two Regulatory and Compliance officers.

Licensing and Regulation

The Commission licences and regulates four areas:

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

Articles 8 and 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.

Approach to Regulation

The Commission applies a risk-based approach to regulation, enabling it to prioritise its efforts and focus upon those sectors of the industry that have the greatest impact upon the Island. For that reason, the Commission considers the regulation of the commercial sector to be a higher priority than charitable and society gambling. The guiding principles governing our regulation are stated under Article 4 of the Commission Law. These principles state that we must ensure gambling services:

- should be conducted responsibly and with safeguards necessary to protect children and vulnerable people;
- should be regulated in accordance with generally accepted international standards to prevent fraud and money laundering, and should not be permitted to be a source of crime; and
- should be verifiably fair to consumers of those services.

Applying these principles to practice, a sound working relationship with the regulated sector is of the utmost importance. Self-reporting is a product of this relationship and bolsters trust between the regulator and regulated. While regular inspections and spot-checks are undertaken to verify compliance, it is the duty of a licensee to draw the attention of the Commission to an issue and take steps to resolve it. While a regulatory sanction may be appropriate depending upon the nature and scale of the breach, non-reporting immediately threatens a licence because of its clear breach of that trust previously mentioned. While self-reporting remains an appropriate means of lessening regulatory sanction and increasing compliance, it is vital that all licensees (and this extends to the charitable sector) are confident they can approach the Commission knowing they will be treated fairly.

Regulatory Review 2020

Commercial

As noted in the Chief Executive's statement, 2020 brought a fresh set of challenges for sports-books and bookmakers, those two sectors reliant on sporting and athletic events to make their markets. The requirement for social distancing combined with other Covid restrictions, initially cancelled and latterly reduced the number of team sports available to the betting industry. While some horse races were permitted in the UK, the Jersey Race Club had to cancel the whole racing season, this in turn meant no on-course bookmaking could take place. This also had an adverse effect on the operation of traditional Crown and Anchor tables which are reliant on passing trade at the races, fetes and fairs.

As of December 2020, the terrestrial industry in the Island was made up of 6 Class I Bookmakers and this has remained stable for a number of years. However, the trend of measured decline in the actual number of Licensed Betting Offices (LBOs), a trend that has been evident since 2014 continued into 2020, with one further shop closure, bringing the total number of LBOs in Jersey to 22, operating 83 gaming machines (86 in 2019).

The part of the sector dependent on social gatherings stalled almost completely, with only 3 events available to the services of (2) Class II bookmakers prior to lockdown and just 1 opportunity for a Crown and Anchor operator for the entirety of 2020. The 1 Parimutuel Operator (the Jersey Race Club) had no opportunity to facilitate gambling, limited as it is to racing events at Les Landes.

There was a marked decrease in the number of pub machines from 51 in 2019 to 40; premises siting these category 3 Gambling Machines also reduced from 41 to 31 pubs.

Only 17 Thrift Club Licences were issued during 2020, which represents a decrease of 10 licences compared to the previous year. The reduction here is not so much Covid-related, as the unwillingness of major banking institutions to continue offering banking facilities to Thrift Clubs. The closure of licenced premises during lockdowns evidenced a considerable drop in Gross Gambling Event Income for Thrift Clubs. The most common events are Open the Box, Football Cards and Meat Raffles, all of which are promoted in public houses.

Summer events such as the Battle of Flowers funfair usually attracts travelling arcades offering small stakes and prize amusements, these are governed by an 'amusement with prizes licence', and as no such events could take place in 2020 no licences of this type were issued.

Personal Gambling Licence Holders increased by 1 licence making a total of 4 held in the Island. There was reduced interest in the use of Promotional Prize Lottery permits with only 1 application granted during the year. In relation to remote gambling services and operators, the number of permits and licences was largely consistent with the 2019 permissions: 2 Hosting Providers, 1 Gambling Software Provider and 7 platform providers. This number represents the surrender of one permit from a company exiting the Island and the adoption of B2B services by a former operator. In December 2020 a Mirroring and Load Balancing Licence was awarded, the first since the permission was created in 2013.

Holdings of a Remote Gambling Operators Licence reduced in 2020 to 5 active operators. One previous operator altered its business model to more properly fit a business to business service and surrendered its licence on the grant of platform suppliers permit. The other licence was surrendered by a company that never activated operations in Jersey.

The pandemic greatly reduced licensee inspections. In deciding how often to inspect licensees, the Commission always takes a risk-based approach and considers the safety and well-being of its staff, and this persuaded the abandonment of the usual schedule of inspections across the terrestrial betting estate. Generally, inspections commence between April and November, because the first quarter is dedicated to analyzing regulatory returns and charitable applications for permits and registrations. That having been said, one LBO operator did receive a full inspection and desk-based inspections continued throughout the year, as the Commission, though temporarily closing its doors to the public, did not cease regulation or furlough any member of staff. One remote operator was also inspected in London just prior to the lockdown.

By conducting proactive and often unannounced inspections, the executive ensures that licensees and permit holders are operating in accordance with the regulatory framework and their specific licence / permit conditions. The inspections also create the opportunity to develop and maintain good working relationships with staff at all levels. To that end, all LBOs usually receive a minimum of 1 full inspection, with a small number receiving additional *ad hoc* or thematic inspections. While lockdown and subsequent limited openings reduced the opportunity for physical attendance, no major issues were reported to us by the public, police or the operators themselves.

All holders of Class 1 and Class 2 Bookmakers Licences are also required to complete and return to the Commission an annual Regulatory Return which provides data of gambling operations over the course of the year. This is an invaluable record of the state of the industry and provides a measure not just of business, but more importantly the levels of self-exclusions and other social responsibility data.

Gaming Machine Stakes & Prizes

In July 2020 the Commission published a consultation on proposals to either amend the Code of Practice: Minimum Standards Applicable to Gaming Machine Type I and Type II (the Code), or retain the stake permissions already set within that document. The proposals set out in the consultation document explored the fact that the Commission had been made aware of alternative machines that are not supported by current content suppliers, and therefore offered flexibility in relation to stake values. As the Code then stood, these machines could have been offered should all the other governing criteria of that document be satisfactorily met.

The consultation solicited little response, with the main respondents being Class I Bookmakers, the majority of whom were content to follow the stake reductions imposed on the UK market. The Commission accepted the position expressed by the majority of licensees, but to apply a mechanism to the Code to reflect future triennial review increases, while amending current stakes to the £2 threshold.

Charitable Registrations

There were 4 charitable permits issued in 2020 and 63 Social and Charitable Registrations issued, down from 82 in 2019.

As is usual, several meetings were requested by the Commission with some of the charities to explain and offer advice on conducting lotteries, but this year, most if not all were in respect of wanting to offer online products.

The Commission also made a detailed inspection of one charity. The inspection was thorough, highlighted a small number of irregularities and showed the value of close contact and support for this sector. There is no doubt that charitable gambling produces a disproportionate amount of work providing guidance and advice when compared to income received from fees, but as the Commission has always stated, subvention of the charitable sector by providing our services below cost is part of our contribution to this sector.

Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)

Liaison

The Commission, like all other authorities, amended its liaison arrangements during lockdown and deployed 'virtual meeting' alternatives. This enabled case meetings with mutual and allied regulators, such as the JFSC to continue, although information sharing and jurisdictional updates were more report based than forum discussions. In relation to fraud prevention, the Commission was invited to participate in Gamshield, an industry group established to alert its membership to emerging threats and fraud typologies.

The meetings of the Jersey Financial Crime Strategy Group were suspended over lockdown, although communications continued throughout the period, as did impact assessments in similar themed forums of the International Association of Gambling Regulators and the Gaming Regulators European Forum.

The National Risk Assessment

A further effect of the pandemic was disruption of the date for the Jersey Mutual Evaluation by MONEYVAL, and the expectation a rescheduling for 2023 in due course. Nevertheless, the various participating authorities continued the significant preparation work required for this evaluation. The Commission remained closely involved with the ongoing National Risk Assessment (NRA) of money laundering and terrorist financing vulnerabilities, revising in particular those chapters relating to the gambling sector to meet the publication deadline in July 2020.

Social Responsibility

The Social Responsibility Fund

The Commission requires payments from its licensees into a Social Responsibility Fund. All licensees located in the Island must pay into this dedicated Fund, especially those operators directly contracting with Jersey residents. Remote licensees may elect to fund charities and help organisations dedicated to the promotion of responsible gambling and the treatment of problem gambling in those countries more representative of their client base.

Accounting for the Social Responsibility Fund is governed by Article 10 of the Gambling Commission (Jersey) Law 2010 and these funds are kept separate from the main Commission accounts. The fund is used by way of research, education, information, prevention, treatment, counselling or other measures to support vulnerable people from addiction and other forms of harm associated with gambling. Specifically, the Fund meets the costs of the www.gamblingtherapy.org/je website as well as published material distributed to public-facing licensees. A new initiative for the period has been the regular provision of radio spots to draw attention to the services available, as well as the continuation of advertisements (reproduced below) introduced the previous year.

At the close of the year, there was £136,011 in the Fund, down from £136,165 in 2019. This is a significant milestone as it marks the first year that the Commission has spent more on social responsibility than it raised (circa £14k) in income for the Fund. The Commission will continue to prioritise social responsibility issues within its various workstreams, but it is clear that if it remains the sole participant in raising awareness the Fund will not, of itself, be able to provide for a sustainable treatment provision on the Island moving forward. As indicated above, the Commission will continue to press for engagement on a partnership basis with public sector agencies and interested third sector bodies to identify ways in which the Fund can effectively be applied to achieve the most practical outcomes.

Social Responsibility Initiatives

One of the key duties placed on the Commission by the Gambling Commission (Jersey) Law 2010 is to maintain a social responsibility function, namely:

- a) protect children and other vulnerable persons from addiction to gambling and from other forms of harm associated with gambling;
- b) make assistance available to persons who are or may be affected by problems related to excessive gambling; and
- c) otherwise avoid and reduce problems related to gambling.

The only rational way to fulfill these criteria is to work in partnership with the Government of Jersey, and the Commission has endeavored to engage with the Health Department on these matters. Understandably, the Department had its attention fixed firmly on public health issues raised by the pandemic, this meant the Commission had to devise its own initiatives.

One such as arrangement was the funding of training by Gamcare for Listening Lounge Staff along with representatives of Justice and Home Affairs. The costs of this training was met from the Social Responsibility Fund. Feedback in respect of the training was overwhelmingly positive and it is hoped it will continue in 2021 with other government staff also benefiting from this training.

Self-Exclusion

Part of the data required from licensees is an annual return stating the numbers and changes in self-exclusions, that is, people who take the initiative to stop gambling and sign a statement with an operator noting their desire to stop gambling which the operator is contractually bound to honour.

One issue of concern related to a member of the public seeking to self-exclude, who alleged that some operators would not accept the self-exclusion form provided by the Commission on its website. This matter was quickly remedied; all licensees undertook that the generic form would be accepted. This incident also provided an opportunity to amend the self-exclusion form to state and confirm that an exclusion from any one shop in a group would be accepted as a total exclusion from all LBOs operated by that licensee in Jersey.

In the terrestrial bookmaking sector 206 self-exclusions were in place across the whole Jersey estate during 2020, an increase on the year before (205). As an individual must self-exclude from several operators if they wish to stop gambling, inspections have confirmed duplication in these numbers, e.g. the same person across six operators. Therefore, the self-exclusion figure noted above will represent a much smaller group of people who have elected to exclude across the estate.

The number of self-exclusion breaches (self-excluded persons attempting to gamble) reduced from 30 in 2019 to 21 in 2020; this represents limited opportunity to visit LBOs over the lockdown, conversely, recorded number of staff interactions with customers increased from 504 to 796 reflecting a more active approach taken by LBO staff in addressing concerns to customers in relation to their gambling. However, as with self-exclusions, this number does not always reflect separate individuals and is more probably a statistic of recurring interaction with some customers. Interaction can also include a request for proof of identification which, more often than not, is a response to the Think 21 initiative, for example proof of age requests increased from 259 in 2019 to 317 in 2020 and this in part explains the increase in interactions throughout the year.

Gambling Therapy

Since 2013, the Commission has utilised the Social Responsibility Fund to support Gambling Therapy (GT) and actively promoted the services offered via a dedicated Jersey webpage through posters and leaflets for this service. These are available at all Licenced Betting Offices and were also distributed to Parish Halls, Citizen's Advice and the Library. The Jersey site can be accessed via <http://www.gamblingtherapy.je/> and is available in many languages. Analysis of the data shows significant use of the site and that people are accessing the data contained within its pages. One of the factors that was hard to understand in the past, however, was that notwithstanding the high numbers of visitors to the site, no-one had used the counselling service. Positively, this has now changed, but usage remains low. Regardless of levels of use, the Commission will continue to support GT and the provision of its services and request advice from health professionals as well as the Third Sector, for ways in which this help can be promoted for those Islanders in need. Ultimately, the numbers of people seeking help will always be low, but the Commission takes the view that if its funded services provide help to even one Islander then this will have made it worthwhile.

Financial Commentary

As an independent body with no public funding, the Commission must act cautiously and responsibly to ensure that it is financially self-sufficient. It must also ensure that it carries out its functions in a way that does not give rise to, or maintain, unnecessary burdens. The pressures brought about by the pandemic inevitably had a financial impact upon the regulated sector and this translated itself into changes to the Commission's working budget. Additional expenditure on IT infrastructure had already been planned, but modest increases in hardware needed to be incurred and working practices adapted in order to continue working from home. Otherwise it is fair to say that the pandemic has not yet affected the finances of the Commission in any significant way. The same of course, cannot be said of our licensees. Bookmakers in particular were forced to close for significant periods and it is too early to say what the longer-term impact might be. What must be recognised, however, is that the sector has already been hit by rising costs and increased competition and the enforced closures, while justified on public health grounds, will have been an additional hurdle to have to deal with. To that end, the Commission's decision to exempt the sector from the fee increases applied to remote licensees from 2020 was positive.

Charities and sports clubs were likewise impacted by Covid, but here at least, the Commission was able to assist some by temporarily allowing for the selling of tickets electronically as a measure to allow charitable fundraising while maintaining social distancing. As it has done from inception, the Commission has retained the charge for registrations at their 2010 level of £20 which is a non-market rate, but which has been set artificially low in order to ensure that the costs of registration do not act as any kind of disincentive to follow the terms of the Regulation.

The financial year saw the full implementation of licence fee increases in the remote sector as they fell due. This has had a positive effect moving forward and reflects both the resilience of the remote offering, but also the need for the Commission to keep informed of developments to ensure that it implements the required standards of regulation. Although online gambling has been able to adapt to the pressures and changes brought about by Covid, these have not been universal and several licensees have seen reduced activity and revenues, particularly in the sports betting area.

In terms of financial controls, the Board reviews the finances of the Commission on a quarterly basis with its management accountants, the Chief Executive and Deputy Chief Executive. Between meetings, governance is assured through a system of internal controls. These controls, as well as the actual expenditure and financial planning of the Commission is subject to independent external audit and any findings are required to be declared in this Report.

The following Accounts provide an overview of the Commission's income and expenditure for 2020 in accordance with Financial Reporting Standard 102.

As noted in the Chief Executive's introductory statement, the Commission has reported an operating surplus for the year of £75,594. The Commission continues to invest in the training and development of its staff and in technology and infrastructure required to deliver its statutory duties. Slightly increased costs have been broadly mitigated by increased Licence Fee income and the Commission will continue to act prudently to ensure future financial stability.

In line with its policies, the Commission reviews its fees and charges annually in light of its audited accounts.

AUDITED FINANCIAL STATEMENTS OF

JERSEY GAMBLING COMMISSION

FOR THE YEAR ENDED

31 DECEMBER 2020

JERSEY GAMBLING COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2020

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**JERSEY GAMBLING COMMISSION
FOR THE YEAR ENDED 31ST DECEMBER 2020**

COMMISSIONERS' REPORT

The Commissioners present their report and the audited financial statements of the Jersey Gambling Commission (the "Commission") for the year ended 31st December 2020.

INCORPORATION

The Commission was incorporated in Jersey under the Gambling Commission (Jersey) Law 2010.

COMMISSIONERS

The Commissioners who served during the year were as follows:

Advocate C Whelan

Ms D Sebire

Advocate M Swan

RESULTS

The financial statements provide an overview of the Commission's income and expenditure for 2020. The Commission is pleased to report a surplus for the year of £75,440 (2019 Restated: £135,693).

GOING CONCERN

The COVID-19 coronavirus pandemic was first discovered and defined in March 2020 and while significant scientific developments have been achieved in controlling its economic and social implications in the form of vaccinations, COVID-19 coronavirus pandemic continues to have a financial impact on the global economy. The Commission continues to closely monitor arrears and communicate with customers during the ongoing global crisis. The Commissioners have considered the impact of COVID-19 on the Commission and have revised their forecast for revenue generation for 2021.

The Commissioners have reviewed the Commission's forecasts and projections and have a reasonable expectation that the Commission has adequate resources to continue in operational existence for the foreseeable future. The Commissioners therefore continue to adopt the going concern basis in preparing the Commission's financial statements and there are no material uncertainties that lead to significant doubt upon the Commission's ability to continue as a going concern.

REGULATIONS

This report has been prepared in accordance with Section 1a of Financial Reporting Standard 102 ("FRS 102") and the requirements of the Gambling Commission (Jersey) Law 2010.

SOCIAL RESPONSIBILITY FUND

Accounting for the Social Responsibility Fund is governed by Article 10 of the Gambling Commission (Jersey) Law 2010 and these funds are kept separate from the main Commission accounts. The fund is used by way of research, education, information, prevention, treatment, counselling or other measures to support vulnerable people from addiction and other forms of harm associated with gambling. Specifically the Fund meets the costs of the www.gamblingtherapy.je website as well as published material distributed to public-facing licensees. The Commission is working with stakeholders both within the States of Jersey and externally to assess evidentially other uses for the Fund.

JERSEY GAMBLING COMMISSION

COMMISSIONERS' RESPONSIBILITIES

The Commissioners are responsible for preparing the Commissioners' Report and the financial statements in accordance with applicable law and regulations.

The Gambling Commission (Jersey) Law 2010 requires the Commissioners to prepare financial statements for each financial year. Under that law, the Commissioners have elected to prepare the financial statements in accordance with FRS 102. The Commissioners must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Commission and of the surplus or deficit for that year.

In preparing these financial statements, the Commissioners are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Commission will continue in business.

The Commissioners are responsible for keeping adequate accounting records that are sufficient to show and explain the Commission's transactions and disclose with reasonable accuracy at any time the financial position of the Commission and enable them to ensure that the financial statements comply with the Gambling Commission (Jersey) Law 2010. They are also responsible for safeguarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the persons who is a Commissioner at the date of approval of this report confirm that:

- so far as each Commissioner is aware, there is no relevant audit information of which the Commission's auditor is unaware; and
- each Commissioner has taken all steps that they ought to have taken as a Commissioner to make themselves aware of any relevant audit information and to establish that the Commissioner's auditor is aware of that information.

AUDITOR

The Comptroller and Auditor-General exercised her power under Article 18(4)(a) of the Gambling Commission (Jersey) Law 2010 (as amended by Article 27 of the Comptroller and Auditor General (Jersey) Law 2014), to appoint Alex Picot as auditor of the Jersey Gambling Commission from the year ending 31st December 2019.

Registered Office:

The Jersey Gambling Commission
4th Floor, Osprey House
5-7 Old Street
St Helier
JE2 3RG

Signed on behalf of the Commission

Dr Jason Lane
Chief Executive

Approved on 2nd July 2021

**JERSEY GAMBLING COMMISSION
INDEPENDENT AUDITOR'S REPORT TO THE COMPTROLLER AND AUDITOR GENERAL
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the financial statements of Jersey Gambling Commission ('the Commission') for the year ended 31 December 2020 which comprise the statement of comprehensive income and retained earnings, the statement of financial position and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion, the financial statements:

- give a true and fair view of the state of the Commission's affairs as at 31 December 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards;
- have been prepared in accordance with the requirements of the Gambling Commission (Jersey) Law 2010.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Commissioners' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Commission's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Commissioners with respect to going concern are described in the relevant sections of this report.

Other information

The Commissioners are responsible for the other information. The other information comprises the information included in the Chairman's statement, the Chief Executive's statement and other information provided, other than the financial statements and auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**JERSEY GAMBLING COMMISSION
INDEPENDENT AUDITOR'S REPORT TO THE COMPTROLLER AND AUDITOR GENERAL
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Commissioners

As explained more fully in the Commissioners' responsibilities statement, the Commissioners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Commissioners determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioners are responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Commissioners either intend to cease the operations of the Commission, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

During our audit we assessed the risk of material misstatement of the financial statements as a result of non-compliance with relevant laws and regulations (irregularities), including fraud. Based on our understanding of the Commission and its environment, together with discussion with senior management where appropriate, we were able to identify those laws and regulations which would have a direct effect on the financial statements as well as those which may have an effect on amounts in the financial statements, for instance through the imposition of fines or litigation. These included, but were not limited to the Gambling Commission (Jersey) Law, 2010. The risks arising from these laws and regulations were discussed amongst the audit engagement team, including consideration as to how and where fraud might occur.

**JERSEY GAMBLING COMMISSION
INDEPENDENT AUDITOR'S REPORT TO THE COMPTROLLER AND AUDITOR GENERAL
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Auditor's responsibilities for the audit of the financial statements (continued)

Based on our assessment, the Engagement Partner ensured that the audit engagement team was composed appropriately with suitable competence and capabilities in order to allow identification and recognition of non-compliance with laws and regulations. The risks identified were communicated to all engagement team members who remained alert during the course of the audit for any indication of irregularities, including fraud.

Our procedures in response to the risks identified included the following:

- Enquiry of management, including consideration of known or suspected instances of non-compliance with laws and regulation or fraud;
- Review all available minutes of meetings held by those charged with governance;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- In common with all audits carried out under the ISAs(UK), we carried out procedures in response to the threat of management override, including those considering the appropriateness of journal entries and judgements made in making accounting estimates.

There are inherent limitations in the audit procedures above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. In addition, the risk of not detecting material misstatement due to fraud is higher than detecting one resulting from error, as fraud may involve deliberate concealment by, for example forgery, collusion or intentional misrepresentations. We are not responsible for preventing non-compliance and cannot be expected to detect all non-compliance with laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Comptroller and Auditor General, 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 Comptroller and Auditor General those matters we are required to state to the Comptroller and Auditor General in an auditor's 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 Comptroller and Auditor General, the Commission and the Commissioners of the Jersey Gambling Commission as a body, for our audit work, for this report, or for the opinions we have formed.

12th July 2021

**Stephen Phillips
for and on behalf of
Alex Picot Chartered Accountants**

JERSEY GAMBLING COMMISSION

FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS

| | Notes | Gambling Operations | Social Responsibility Fund | 2020 | (As restated) 2019 Note 14 |
|--|-------|------------------------|----------------------------------|----------------|----------------------------------|
| | | £ | £ | £ | £ |
| TURNOVER | 4 | <u>620,301</u> | <u>13,950</u> | <u>634,251</u> | <u>720,802</u> |
| EXPENSES | | | | | |
| Administrative expenses | | <u>549,044</u> | <u>14,104</u> | <u>563,148</u> | <u>587,817</u> |
| SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION | | 71,257 | (154) | 71,103 | 132,985 |
| Interest receivable and similar income | | <u>4,337</u> | <u>-</u> | <u>4,337</u> | <u>2,708</u> |
| SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION | 6 | 75,594 | (154) | 75,440 | 135,693 |
| TAXATION | 7 | - | - | - | - |
| SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME | | <u>75,594</u> | <u>(154)</u> | <u>75,440</u> | <u>135,693</u> |
| RETAINED SURPLUS AS AT 1 JANUARY | | <u>432,126</u> | <u>136,165</u> | <u>568,291</u> | <u>432,598</u> |
| RETAINED SURPLUS AS AT 31 DECEMBER | | <u>507,720</u> | <u>136,011</u> | <u>643,731</u> | <u>568,291</u> |

The Commission's turnover and expenses all relate to continuing operations.

There are no recognised gains or losses other than those shown above.

JERSEY GAMBLING COMMISSION
AS AT 31 DECEMBER 2020

| | Notes | 2020 £ | (As restated) 2019 £ |
|---|-------|-----------------------|----------------------------|
| STATEMENT OF FINANCIAL POSITION | | | |
| FIXED ASSETS | | | |
| Intangible assets | 8 | 4,103 | 7,679 |
| Property, plant and equipment | 9 | 7,377 | 5,946 |
| | | <u>11,480</u> | <u>13,625</u> |
| CURRENT ASSETS | | | |
| Trade and other receivables | 10 | 256,649 | 419,367 |
| Cash and cash equivalents | 11 | 956,643 | 694,605 |
| | | <u>1,213,292</u> | <u>1,113,972</u> |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | | |
| Trade, other payables & deferred income | 12 | 581,041 | 559,306 |
| | | <u>581,041</u> | <u>559,306</u> |
| NET CURRENT ASSETS | | | |
| | | <u>632,251</u> | <u>554,666</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | <u>643,731</u> | <u>568,291</u> |
| NET ASSETS | | | |
| | | <u><u>643,731</u></u> | <u><u>568,291</u></u> |
| ACCUMULATED RESERVES | | | |
| Social Responsibility Fund | 13 | 136,011 | 136,165 |
| Income and Expenditure Account | | 507,720 | 432,126 |
| | | <u>643,731</u> | <u>568,291</u> |

The financial statements on pages 19 to 28 have been prepared in accordance with the Gambling Commission (Jersey) Law 2010 and Section 1a of Financial Reporting Standard 102.

The accounts were approved and authorised for issue on 2nd July 2021 by the Jersey Gambling Commission and signed on its behalf by:

Dr Jason Lane
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

The Jersey Gambling Commission (the "Commission") was created by the Gambling Commission (Jersey) Law 2010 and is responsible for the licensing, registration and regulation of gambling in the Island of Jersey. This law 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. The Commission is a body corporate and its registered office is 4th Floor, Osprey House, 5-7 Old Street, St Helier, Jersey, JE2 3RG.

2 Statement of compliance

The financial statements have been prepared in compliance with Section 1A of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council and the Gambling Commission (Jersey) Law 2010.

3 Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The financial statements are prepared in Pounds Sterling (GBP) which is the functional and presentational currency of the Commission.

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention. The Commission has applied the small entities regime under FRS 102(1A), which allows qualifying entities certain disclosure exemptions. The Commission has taken advantage of the exemption from preparing a statement of cash flows under paragraph 7.1b.

Accounting estimates

The preparation of financial statements requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. Accounting estimates involve management's judgment of expected future benefits and obligations relating to assets and liabilities (and associated expenses and income) based on information that best reflects the conditions and circumstances that exist at the reporting date. There have been no changes to the accounting estimates from the previous financial year.

3 Summary of significant accounting policies (continued)

Going concern

The Commission meets its day-to-day working capital requirements through its available cash reserves. After reviewing the Commission's forecasts and projections, the Commissioners have a reasonable expectation that the Commission has adequate resources to continue in operational existence for the foreseeable future. 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.

Revenue recognition

Revenue is recognised to the extent that the Commission obtains the right to consideration in exchange for services rendered. Revenue comprises the fair value of consideration received and receivable after discounts.

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. Licence fees are payable on issue of the licence and at each anniversary of its issue. Licence fees are initially recorded as deferred income and released over the period of the licence as the Commissioners believe that this treatment recognises the fact that the fees cover the cost of regulation and interaction with Commission staff over the term of the licence.

Social permits and registrations

Income from these permits and registrations is recognised when the permit is issued.

Pension costs

Staff initially employed by the Government of Jersey before 3 September 2010 of which there are two are members of the Public Employees Pension Fund ("PEPF") 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 Government 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 underlying assets and liabilities of PEPF, contributions to the scheme have been accounted for as if they are contributions to a defined contribution scheme at a rate of 15.2% (2019 14.4%).

Actuarial valuations are performed on a triennial basis; the most recently published was the PEPF Actuarial Valuation for 31 December 2018 on 8 January 2020. The main purposes of the valuations 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 Government of Jersey, may be obtained from the States Treasury, 19-21 Broad St, St Helier, JE2 3RR or online at:

www.gov.je/Working/WorkingForTheStates/Pensions/PublicEmployeePensionFund/Pages/PublicServicePensionPublications.aspx

3 Summary of significant accounting policies (continued)

Expenses

Expenses are accounted for on an accruals basis.

Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives. Amortisation is charged to administrative expenses in the statement of comprehensive income and retained earnings. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Property, plant and equipment

Property, plant and equipment are recorded at historical cost or deemed cost, less accumulated depreciation and impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Repairs and maintenance costs are expensed as incurred.

Fully depreciated property, plant and equipment are retained in the cost of property, plant and equipment and related accumulated depreciation until they are removed from service. In the case of disposals, assets and related depreciation are removed from the financial statements and the net amount, less proceeds from disposal, is charged or credited to the statement of profit or loss.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

| | |
|---------------|--|
| Website costs | Over an estimated useful life of 3 years |
|---------------|--|

Depreciation

Depreciation is calculated on straight-line basis to allocate the depreciable amount on the assets over their estimated useful economic lives as follows:

| | |
|--------------------|--|
| Computer equipment | Over an estimated useful life of 3 years |
|--------------------|--|

| | |
|--------------------|--|
| Fixture & fittings | Over an estimated useful life of 5 years |
|--------------------|--|

The Commission's policy is to review the remaining useful economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated useful economic life and residual value.

Financial instruments

The Commission has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

JERSEY GAMBLING COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

3 Summary of significant accounting policies (continued)

(i) Financial Assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments with original maturities of three months or less.

Provisions

Provisions are recognised when the Commission has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Contingencies

Contingent liabilities, arising as a result of past events, are disclosed when it is possible that there will be an outflow of resources but the amount cannot be reliably measured at the reporting date. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow is remote.

Contingent assets are disclosed in the financial statements but not recognised where an inflow of economic benefits is probable.

**JERSEY GAMBLING COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)**

| 4 | Analysis of turnover by category | 2020 | (As restated) 2019 |
|---|--|----------------|-----------------------|
| | | £ | £ |
| | Licence fees | 614,036 | 613,532 |
| | Social permits | 1,250 | 800 |
| | Social registrations | 1,220 | 1,700 |
| | Software designers permits | 1,500 | 1,750 |
| | Social Responsibility income | 13,950 | 70,700 |
| | Other income | 2,295 | 32,320 |
| | | <u>634,251</u> | <u>720,802</u> |
| | | | |
| 5 | Payroll costs | 2020 | (As restated) 2019 |
| | | £ | £ |
| | Staff salaries | 322,761 | 333,171 |
| | Commissioners' fees | 80,625 | 66,033 |
| | Employer pension contributions | 30,373 | 27,936 |
| | | <u>433,759</u> | <u>427,140</u> |
| | | | |
| | | 2020 | (As restated) 2019 |
| | Number of permanent staff employed during the year | 5 | 5 |
| | | <u>5</u> | <u>5</u> |
| | | | |
| 6 | Surplus for the financial year | 2020 | (As restated) 2019 |
| | Surplus for the financial year is stated after charging: | £ | £ |
| | Auditors remuneration | 8,000 | 10,000 |
| | Depreciation | 4,049 | 4,430 |
| | Amortisation | 3,576 | 4,097 |
| | | <u>15,625</u> | <u>18,527</u> |

JERSEY GAMBLING COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

7 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. The Commission is registered for Goods and Services Tax (GST) under the Goods and Services Tax (Jersey) Law 2007. At the year ended 31 December 2020 the Commission was due a repayment of £2,561 (2019: £1,555).

8 Intangible Assets

| | Website Costs £ | Total £ |
|-------------------------|-----------------------|------------|
| <i>Cost</i> | | |
| Balance brought forward | 24,383 | 24,383 |
| Additions | - | - |
| Balance carried forward | 24,383 | 24,383 |
| <i>Amortisation</i> | | |
| Balance brought forward | 16,704 | 16,704 |
| Charge for the year | 3,576 | 3,576 |
| Balance carried forward | 20,280 | 20,280 |
| <i>Net book value</i> | | |
| Balance carried forward | 4,103 | 4,103 |
| Balance brought forward | 7,679 | 7,679 |

JERSEY GAMBLING COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

9 Property Plant & Equipment

| | Computer Equipment £ | Fixture & fittings £ | Total £ |
|-------------------------|----------------------------|----------------------------|---------------|
| <i>Cost</i> | | | |
| Balance brought forward | 38,034 | 1,500 | 39,534 |
| Additions | 5,479 | - | 5,479 |
| Balance carried forward | <u>43,513</u> | <u>1,500</u> | <u>45,013</u> |
| <i>Depreciation</i> | | | |
| Balance brought forward | 32,513 | 1,075 | 33,588 |
| Charge for the year | 3,748 | 300 | 4,048 |
| Balance carried forward | <u>36,261</u> | <u>1,375</u> | <u>37,636</u> |
| <i>Net book value</i> | | | |
| Balance carried forward | <u>7,252</u> | <u>125</u> | <u>7,377</u> |
| Balance brought forward | <u>5,521</u> | <u>425</u> | <u>5,946</u> |

10 Trade and other receivables

| | 2020 £ | (As restated) 2019 £ |
|-------------------------|----------------|----------------------------|
| Licence fees receivable | 234,665 | 401,555 |
| Other debtors | <u>21,984</u> | <u>17,812</u> |
| | <u>256,649</u> | <u>419,367</u> |

11 Cash and cash equivalents

The cash includes £129,010 (2019: £123,258) relating to the Social Responsibility Fund. The use of the Social Responsibility Fund is restricted by Article 10 of the Gambling Commission (Jersey) Law 2010.

| | 2020 £ | (As restated) 2019 £ |
|---|----------------|----------------------------|
| 12 Trade, other payables and deferred income | | |
| Amounts due in less than one year: | | |
| Licence fees billed in advance (deferred income) | 545,543 | 507,282 |
| Other creditors and accruals | 35,498 | 52,024 |
| | <u>581,041</u> | <u>559,306</u> |

JERSEY GAMBLING COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

13 Social Responsibility Fund

To comply with Article 10 (1) of the Gambling Commission (Jersey) Law 2010, the Commission accounts for the Social Responsibility Fund separately from its general funds.

| | 2020 | (As restated) 2019 |
|----------------------------|----------------|-----------------------|
| | £ | £ |
| Balance brought forward | | |
| | 136,165 | 79,721 |
| Amounts billed | 13,950 | 70,700 |
| Amounts used | (14,104) | (14,256) |
| Surplus / (Deficit) | (154) | 56,444 |
| Balance carried forward | 136,011 | 136,165 |

14 Statement of Comprehensive Income and Retained Earnings - 2019

| | Gambling Operations | Social Responsibility Fund | 2019 |
|--|------------------------|----------------------------------|----------------|
| | £ | £ | £ |
| TURNOVER | <u>650,102</u> | <u>70,700</u> | <u>720,802</u> |
| EXPENSES | | | |
| Administrative expenses | <u>573,561</u> | <u>14,256</u> | <u>587,817</u> |
| SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION | 76,541 | 56,444 | 132,985 |
| Interest receivable and similar income | <u>2,708</u> | <u>-</u> | <u>2,708</u> |
| SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION | 79,249 | 56,444 | 135,693 |
| TAXATION | <u>-</u> | <u>-</u> | <u>-</u> |
| SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME | <u>79,249</u> | <u>56,444</u> | <u>135,693</u> |
| RETAINED SURPLUS AT 1 JANUARY | <u>352,877</u> | <u>79,721</u> | <u>432,598</u> |
| RETAINED SURPLUS AT 31 DECEMBER | <u>432,126</u> | <u>136,165</u> | <u>568,291</u> |

JERSEY GAMBLING COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

15 Related party transactions

During the year salaries paid to the Commissioners totalled £80,625 (2019: £66,033). The Commissioners did not receive any other benefits for services rendered in the current or prior year. No other transactions with related parties were undertaken such as are required to be disclosed under United Kingdom Generally Accepted Accounting Principles, including FRS 102 and the Gambling Commission (Jersey) Law 2010.

16 Leases

On the 1 November 2018, the Commission entered into a lease agreement in respect of its offices at Osprey House until 31 October 2027. The equivalent annual rent is £25,800 from 1 November 2018 to 31 October 2019 and £34,400 from 1 November 2019 to 31 October 2027. Included in the lease is a break out option on 31 October 2023, subject to notice. The Commission pays all property related expenses.

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

| | 2020 | (As restated) 2019 |
|---|----------------------|-----------------------|
| | £ | £ |
| Not later than a year | 34,400 | 34,400 |
| Later than one year and not later than five years | <u>63,067</u> | <u>97,467</u> |
| | <u><u>97,467</u></u> | <u><u>131,867</u></u> |

17 Ultimate controlling party

The Jersey Gambling Commission is a corporate body without share capital. It is independent of the Government of Jersey and as a result there is no ultimate controlling party.

18 Events after the statement of financial position date

No events occurred after the balance sheet date which are required to be disclosed by the entity.

19 Prior year adjustments

Following a review of the 2019 financial statement from the office of the Jersey Comptroller and Auditor General it was recommended that the movements in the Social Responsibility Fund be shown on the face of the Statement of Comprehensive Income. Following this review the Commission adapted these recommendations and as a result the prior year Statement of Comprehensive Income has been restated to include the Social Responsibility Fund in the 2019 comparative total. The effect of the prior year adjustment was an increase in the surplus from £79,249 to £135,693 on the Statement of Comprehensive Income, this has no impact on the Statement of Financial Position.

JERSEY GAMBLING COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

19 Prior year adjustments (continued)

In addition during 2020 the Commission decided to reclassify Website costs from property, plant and equipment to intangible asset. The effect of this prior year adjustment was to decrease property, plant and equipment from £13,625 to £5,946 and to increase Intangible assets from £nil to £7,679, overall this had no impact to the total non-current asset balance on the Statement of Financial Position and had no impact on the Statement of Comprehensive Income.