

ALDERNEY GAMBLING CONTROL COMMISSION

FINANCIAL STATEMENTS 2015

FOR INFORMATION PURPOSES

**PLEASE NOTE THAT THESE FINANCIAL STATEMENTS HAVE YET TO RECEIVE AUDIT
CLEARANCE AND ARE SUBJECT TO APPROVAL BY THE COMMISSION AT ITS NEXT MEETING
SCHEDULED FOR 5TH APRIL 2016**

Alderney Gambling Control Commission

Statement of Financial Position as at 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Computer, office equipment & furniture		46,449	72,872
Leasehold		209,811	268,656
Web hosting		<u>70,286</u>	<u>109,767</u>
	3&4	326,546	451,295
Current assets			
Cash at bank and in hand	5	2,363,770	2,703,914
Prepayments		<u>14,078</u>	<u>4,429</u>
		2,377,848	2,708,343
Creditors: amounts falling due within one year	6	(801,157)	(981,512)
Net current assets		<u>1,576,691</u>	<u>1,726,831</u>
Total assets less current liabilities		<u><u>1,903,237</u></u>	<u><u>2,178,126</u></u>
Capital and reserves			
Retained surplus brought forward		2,178,126	1,975,633
Net (deficit)/surplus for the year		(274,889)	202,493
Retained surplus		<u><u>1,903,237</u></u>	<u><u>2,178,126</u></u>

The notes on pages ___ to ___ are an integral part of these accounts

The financial statements on pages ___ to ___ were approved by Alderney Gambling Control Commission on 5th April 2016 and signed on its behalf by:

Lord Richard Faulkner
Chairman

Alderney Gambling Control Commission

Statement of Comprehensive Income for year ended 31 December 2015

	Note	2015 £	2014 £
Income			
Licence fees	3	4,370,500	4,650,000
Fees charged to clients		461,132	617,974
Bank interest		<u>7,448</u>	<u>10,006</u>
		<u>4,839,080</u>	<u>5,277,980</u>
Expenditure			
Staff costs	8	1,828,208	1,900,177
Commissioners' fees	7	115,858	114,079
Premises, furniture and equipment		80,764	82,498
Web hosting		92,825	88,882
Consultancy		79,184	169,972
Conferences and general travel		126,034	152,887
Postage, stationery and telephone		34,127	41,493
Administrative expenses		138,090	145,283
Depreciation	4	153,017	150,099
		<u>2,648,108</u>	<u>2,845,370</u>
Funds transferred to States of Alderney	10	2,465,862	2,230,117
Total comprehensive income for the year		<u>(274,890)</u>	<u>202,493</u>

All activities are derived from continuing activities. The Commission has no components of 'other comprehensive income'.

The notes on pages _____ to _____ form an integral part of these financial statements.

Alderney Gambling Control Commission

Notes to the financial statements for the year ended 31 December 2015

1. Reporting Entity

The Alderney Gambling Control Commission (AGCC) is a regulatory body established in 2000 and governed by The Gambling (Alderney) Law, 1999. The principle activity of the Alderney gambling Control Commission is to regulate eGambling activities in line with The Gambling (Alderney) Law, 1999 (the "Gambling law").

2. Basis of Preparation

These financial statements give a true and fair view and were prepared in accordance with Section 1A of Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") September 2015 and are in line with the Gambling law.

In the transition to FRS 102 from old UK GAAP, the AGCC has made no measurement and recognition adjustments. An explanation of how the transition has effected the reported financial position and financial performance is made in note 12.

The income in the financial statements is collected by the Commission on behalf of the States of Alderney. After deduction of the expenses incurred and working capital required to fund the Commission the surplus is transferred to the States of Alderney.

The financial statements are prepared on the historical cost basis.

The financial statements are prepared in sterling which is the functional currency of the company. The Commission consider sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

3. Significant Accounting Policies

Licence and certificate fees

Under the terms of The Alderney e-Gambling Ordinance, 2009, licences and certificates granted by the Commission are valid for an indefinite period. A non-refundable licence or certificate fee is payable on issue of the licence or certificate and in advance of each anniversary of the issue of the licence or certificate. The licence and certificate fees are recognised in the Statement of Comprehensive Income in the period in which they are received.

Expenses

Expenses are accounted for on an accruals basis.

Alderney Gambling Control Commission

Notes to the financial statements for the year ended 31 December 2015 (continued)

Tangible Fixed Assets

Tangible assets are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price including transaction costs and trade discounts and rebates. It also includes costs directly attributable to bringing it to the location and condition necessary for it to operate as intended. The Commission assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the Statement of comprehensive income on a straight line basis over the estimated useful lives of each part of a tangible asset. The estimated useful lives are as follows:

- | | |
|--|----------|
| • Furniture and equipment | 4 years |
| • Computer hardware and operating systems | 3 years |
| • Web hosting hardware and operating systems | 3 years |
| • Leasehold | 10 years |

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting in the pattern by which the AGCC expects to consume an asset's future economic benefits.

The basis for choosing the useful life of the leasehold is the length of the operating lease on the office premises.

Judgements and Estimates

In preparing these financial statements, the Commission has made judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

a) Judgements

Leases entered into have been classified as operating leases due to the leases being for only a limited part of the properties useful economic life and do not transfer ownership or significant risk to the lessee.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

Alderney Gambling Control Commission

Notes to the financial statements for the year ended 31 December 2015 (continued)

Financial instruments

a) Basic financial instruments

i) Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

ii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and petty cash.

b) Derecognition

The Commission derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Commission neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Commission is recognised as a separate asset or liability. The Commission derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Alderney Gambling Control Commission

Notes to the financial statements for the year ended 31 December 2015 (continued)

4. Fixed assets

	Equipment & Furniture £	Leasehold £	Web Hosting £	Total £
Cost				
At 1 January 2015	322,373	640,555	345,067	1,307,995
Additions	16,259	5,380	6,630	28,269
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015	338,632	645,935	351,697	1,336,264
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2015	249,500	371,901	235,301	856,702
Charge for year	42,683	64,223	46,111	153,017
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015	292,183	436,124	281,412	1,009,719
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2015	46,449	209,811	70,286	326,546
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At 31 December 2014	72,871	268,656	109,767	451,295
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Alderney Gambling Control Commission

Notes to the financial statements for the year ended 31 December 2015 (continued)

5. Cash at bank and in hand	2015	2014
	£	£
Cash at bank:		
Business reserve account	452,570	565,807
Applicant and Licensee deposit account	642,702	959,490
Deposit accounts	1,000,017	1,000,017
Current account	268,331	178,580
Petty cash	150	20
	<hr/>	<hr/>
	2,363,770	2,703,914
	<hr/>	<hr/>

The Commission employs the use of a NatWest credit card facility for £75,000. Any use of this facility is paid off in full on a monthly basis. There was no amount owed at the year end.

6. Creditors: amounts falling due within one year

	2015	2014
	£	£
Refundable deposits	493,107	622,544
Creditors and accruals	308,050	358,968
	<hr/>	<hr/>
	801,157	981,512
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Refundable deposits are held against the costs of investigating applicants and inspecting licensees and may be refunded in whole or in part.

7. Commissioners' fees

In accordance with the Gambling (Alderney) Law 1999, as amended, the States of Alderney ultimately meets the fees and expenses of the Commissioners, including the Chairman.

Alderney Gambling Control Commission

Notes to the financial statements for the year ended 31 December 2015 (continued)

8. Staff costs

Included in the staff costs are pension contributions. A defined contributions pension scheme, together with life assurance cover, is provided for employees. The scheme is administered by Gower Limited in Guernsey and was started in May 2002. The scheme requires employees to contribute 6% of gross salary to the scheme and the Commission contributes a minimum 7.5% of gross salary to the scheme on the employees' behalf. The annual pension contribution of £159,715 (2014: £160,853) is included in staff costs. At the year-end there were no prepaid or outstanding contributions (2014: £nil).

During the year the average number of employees was 20 (2014: 20).

9. Operating lease

The Commission entered into a ten year operational lease on the office property in Alderney, commencing in April 2008. The property remains in the ownership of the States of Alderney.

The rental amounts for 2015 charged to the Income statement and included in premises, furniture and equipment expenditure were £47,219 (2014: £46,685).

The Commission is committed under the lease to make payments of £36,000 per year plus any RPI increase, subject to review in the fifth year, until the end of the lease.

Non-cancellable operating lease rentals are payable as follows:

	2015	2014
Less than 1 year	£47,219	£46,685
Between 1 and 5 years	£106,452	£153,671
More than 5 years	£0	£0

Rental commitments for years 1 to 5 are based the 2015 actual rental expense. There will be additional costs for RPI increases.

10. Distributions to the States of Alderney

During 2015 the States of Alderney received distributions from the retained surplus of £2,465,862 (2014 - £2,230,017).

11. Guernsey Income Tax

The Commission is not subject to Guernsey Income Tax.

Alderney Gambling Control Commission

Notes to the financial statements for the year ended 31 December 2015 (continued)

12. Explanation of transition to FRS 102

As stated in note 2, these are AGCC's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these Financial statements for the year ended December 2014 and in the preparation of an opening FRS 102 statement of financial position at 1 January 2014, (the Commission's date of transition).

The Commission has undertaken an assessment of the impact of adoption of FRS 102 and has concluded that there are no impacts with regards to the recognition and measurement of assets, liabilities, income and expense on adoption of FRS 102. Disclosure and presentation has been amended to conform to the requirements of FRS 102.

13. Subsequent events

The Commission concluded that there were no subsequent events that require disclosure in the financial statements.