

ALDERNEY GAMBLING CONTROL COMMISSION

FINANCIAL STATEMENTS 2017

FOR INFORMATION PURPOSES

**Note : The attached contain the financial statements for 2017. The Auditors report and Chairmans report will be publically available once the Commission has formally presented to the Policy & Finance Committee on 8th June 2018, and will be available on the AGCC website :-
www.gamblingcontrol.org**

Alderney Gambling Control Commission

Statement of Financial Position as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Computer, office equipment & furniture		54,392	32,183
Leasehold		120,782	183,744
Web hosting		44,829	63,315
	3&4	<u>220,003</u>	<u>279,242</u>
Current assets			
Cash at bank and in hand	5	2,398,041	2,376,366
Prepayments		16,826	5,288
		<u>2,414,867</u>	<u>2,381,654</u>
Creditors: amounts falling due within one year	6	(733,913)	(722,748)
Net current assets		<u>1,680,954</u>	<u>1,658,906</u>
Total assets less current liabilities		<u>1,900,957</u>	<u>1,938,148</u>
Capital and reserves			
Retained surplus brought forward		1,938,148	1,903,237
Net (deficit)/surplus for the year		(37,191)	34,911
Retained surplus		<u>1,900,957</u>	<u>1,938,148</u>

The notes on pages 7 to 12 are an integral part of these accounts

The financial statements on pages 5 to 12 were approved by Alderney Gambling Control Commission on 27th March 2018 and signed on its behalf by:

Lord Richard Faulkner
Chairman

Alderney Gambling Control Commission

Statement of Comprehensive Income for year ended 31 December 2017

	Note	2017 £	2016 £
Income			
Licence fees	3	4,432,500	4,365,500
Fees charged to clients		556,385	525,821
Bank interest		7,161	5,972
		<u>4,996,046</u>	<u>4,897,293</u>
Expenditure			
Staff costs	8	1,719,794	1,803,338
Commissioners' fees	7	117,952	116,668
Premises, furniture and equipment		83,560	92,081
Web hosting		77,685	97,965
Consultancy		7,480	25,836
Conferences and general travel		110,170	137,990
Postage, stationery and telephone		28,084	35,773
Administrative expenses		173,975	171,149
Depreciation	4	126,309	104,586
		<u>2,445,009</u>	<u>2,585,386</u>
Distributions in the year	10	2,588,228	2,276,996
Total comprehensive income for the year		<u>(37,191)</u>	<u>34,911</u>

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

The notes on pages 7 to 12 form an integral part of these financial statements.

Alderney Gambling Control Commission

Notes to the financial statements for the year ended 31 December 2017

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") as issued in September 2015 and are in line with the Gambling law.

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 Commission. 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 on an annual basis on the anniversary on which the licence was granted.

Fees charged to clients

Fees charged to clients are incurred on an accruals basis as services are delivered such as investigation/inspection. As at the year end, there are no outstanding fees (2016: £nil).

Expenses

Expenses are accounted for on an accruals basis.

Alderney Gambling Control Commission

Notes to the financial statements for the year ended 31 December 2017

3. Significant Accounting Policies (continued)

Tangible Fixed Assets

Tangible fixed 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 refurbishment (2008) | 10 years |
| • Leasehold refurbishment (2012) | 11 years |

The depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting in the pattern by which the AGCC expects to consume an asset's future economic benefits. During the prior year the useful life of the refurbishment that took place in 2012 was reviewed and the lease term was extended until March 2023.

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 2017

Significant Accounting Policies (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 the Statement of Comprehensive Income. 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, cancelled, or expire.

Alderney Gambling Control Commission

Notes to the financial statements for the year ended 31 December 2017

4. Fixed assets

	Equipment & Furniture £	Leasehold £	Web Hosting £	Total £
Cost				
At 1 January 2017	353,593	645,936	394,018	1,393,547
Additions	43,010	0	24,058	67,068
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	396,603	645,936	418,076	1,460,615
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2017	321,410	462,192	330,703	1,114,305
Charge for year	20,801	62,963	42,545	126,309
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At 31 December 2017	342,211	525,155	373,248	1,240,614
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2017	54,392	120,781	44,829	220,003
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At 31 December 2016	32,183	183,744	63,315	279,242
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Alderney Gambling Control Commission

Notes to the financial statements for the year ended 31 December 2017

5. Cash at bank and in hand	2017	2016
	£	£
Cash at bank:		
Business reserve account	545,459	282,098
Applicant and Licensee deposit account	653,906	672,622
Treasury accounts	1,000,017	1,000,017
Current account	198,520	421,421
Petty cash	140	208
	<hr/>	<hr/>
	2,398,042	2,376,366
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The Commission employs the use of a NatWest credit card facility for £50,000. Any use of this facility is paid off in full on a monthly basis. There was no amount owed at the year end (2016:£nil).

6. Creditors: amounts falling due within one year

	2017	2016
	£	£
Refundable deposits	525,877	477,912
Creditors and accruals	208,036	244,836
	<hr/>	<hr/>
	733,913	722,748
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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 Law, 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 2017

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 £155,119 (2016: £162,459) is included in staff costs. At the year-end there were no prepaid or outstanding contributions (2016: £nil).

During the year the average number of employees was 18 (2016: 19).

9. Operating lease

The Commission entered into a ten year operational lease on the office property in Alderney, commencing in April 2008, on 21 February 2014 the lease was extended to March 2023. The property remains in the ownership of the States of Alderney.

The rental amounts for 2017 charged to the Income statement and included in premises, furniture and equipment expenditure were £48,239 (2016: £47,490).

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 (March 2023).

Non-cancellable operating lease rentals are payable as follows:

	2017	2016
Less than 1 year	£48,239	£47,490
Between 1 and 5 years	£241,195	£237,450
More than 5 years	£12,027	£59,330

Future minimum lease payments are based on the actual rental expense in the year. There will be additional costs for RPI increases.

10. Transfers to the States of Alderney

During 2017 the States of Alderney received transfers from the retained surplus of £2,588,228 (2016 - £2,276,996).

11. Guernsey Income Tax

The Commission is not subject to Guernsey Income Tax.

12. Subsequent events

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