



## **REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE NATIONAL LOTTERIES CONTROL BOARD FOR THE YEAR ENDED 30 SEPTEMBER 2013**

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The accompanying Financial Statements of the National Lotteries Control Board for the year ended 30 September 2013 have been audited. The statements as set out on pages 3 to 21 comprise a Statement of Financial Position as at 30 September 2013, a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended 30 September 2013 and Notes to the Financial Statements numbered 1 to 21, including a summary of significant accounting policies.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

2. The management of the National Lotteries Control Board (the Board) is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error.

### **AUDITOR'S RESPONSIBILITY**

3. The Auditor General's responsibility is to express an opinion on these Financial Statements based on the audit. The audit was carried out in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago and section 25 (2) of the National Lotteries Act. The audit was conducted in accordance with the principles and concepts of (ISSAIs) which require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

4. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

5. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the audit opinion.

## **OPINION**

6. In my opinion, the Financial Statements present fairly, in all material respects, the financial position of the National Lotteries Control Board as at 30 September 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

## **SUBMISSION OF REPORT**

7. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with the requirements of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.



**2<sup>ND</sup> OCTOBER 2024**  
**PORT OF SPAIN**

*Jaiwantie Ramdass*  
**JAIWANTIE RAMDASS**  
**AUDITOR GENERAL**

# **National Lotteries Control Board**

## **Financial Statements**

**30 September 2013**

*(Expressed in Trinidad and Tobago Dollars)*

## **National Lotteries Control Board**

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# National Lotteries Control Board

## Statement of Management's Responsibilities

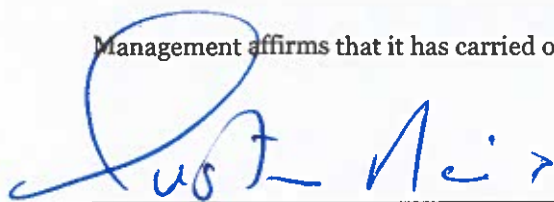
Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of National Lotteries Control Board (the Board) which comprise the statement of financial position as at 30 September 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Board keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Board's assets, detection/prevention of fraud, and the achievement of Board operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

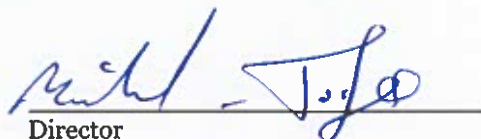
In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Board will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Chairman  
2021



Director  
2021

## Auditor General's Report

# National Lotteries Control Board

## Statement of Financial Position

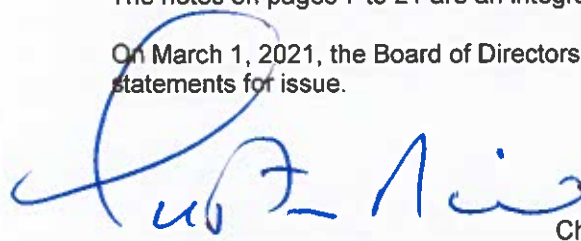
(Expressed in Trinidad and Tobago Dollars)

	Notes	2013 \$	As at 30 September 2012 \$
<b>Assets</b>			
<i>Non-current assets</i>			
Property, plant and equipment	5	9,599,776	39,428,148
Intangible assets	6	187,186	418,030
Investment property	7	<u>29,214,617</u>	<u>--</u>
		<u>39,001,579</u>	<u>39,846,178</u>
<i>Current assets</i>			
Inventories	8	4,879,648	6,578,678
Deferred expenses	9	136,249,090	30,013,867
Trade and other receivables	10	22,780,213	18,466,888
Cash and cash equivalents	11	<u>207,210,638</u>	<u>196,505,888</u>
		<u>371,119,589</u>	<u>251,565,321</u>
<b>Total assets</b>		<u>410,121,168</u>	<u>291,411,499</u>
<b>Equity</b>			
<i>Capital and reserves</i>			
Agent fund reserve	12	6,658,268	6,065,464
Building reserve	12	40,000,000	40,000,000
Furniture reserve	12	<u>5,000,000</u>	<u>5,000,000</u>
<b>Total equity</b>		<u>51,658,268</u>	<u>51,065,464</u>
<b>Liabilities</b>			
<i>Non-Current liabilities</i>			
Government grants	13	<u>39,001,579</u>	<u>39,567,925</u>
<i>Current liabilities</i>			
Trade and other payables	14	44,702,650	19,115,865
Due to Comptroller of Accounts – Central Government	15	123,916,212	138,917,502
Unclaimed prizes	9	<u>150,842,459</u>	<u>42,744,743</u>
		<u>319,461,321</u>	<u>200,778,110</u>
<b>Total liabilities</b>		<u>358,462,900</u>	<u>240,346,035</u>
<b>Total equity and liabilities</b>		<u>410,121,168</u>	<u>291,411,499</u>



The notes on pages 7 to 21 are an integral part of these financial statements.

On March 1, 2021, the Board of Directors of National Lotteries Control Board authorised these financial statements for issue.

  
Chairman

  
Director

# National Lotteries Control Board

## Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

		Year ended 30 September	
	Notes	2013 \$	2012 \$
<b>Sales</b>			
Game sales		2,124,596,001	1,842,979,160
<b>Cost of sales</b>			
Games operating expenses		<u>(1,866,101,197)</u>	<u>(1,553,634,239)</u>
<b>Gross profit</b>		258,494,804	289,344,921
<b>Other income</b>		4,850,995	4,517,345
<b>Operating and administrative overheads</b>	16	<u>(65,439,750)</u>	<u>(51,978,081)</u>
<b>Net Surplus</b>		197,906,049	241,884,185
Prior period adjustments	19	<u>4,799,911</u>	<u>4,538,697</u>
<b>Net Surplus due to Comptroller of Accounts</b>	15	<u><u>202,705,960</u></u>	<u><u>246,422,882</u></u>

The notes on pages 7 to 21 are an integral part of these financial statements.



## National Lotteries Control Board

### Statement of Changes in Equity (Expressed in Trinidad and Tobago Dollars)

	Notes	Agent Reserve \$	Building Reserve \$	Furniture Reserve \$	Total \$
<b>Year ended 30 September 2013</b>					
Balance at 1 October 2012	12	6,065,464	40,000,000	5,000,000	51,065,464
Adjustment		(41,663)	--	--	(41,663)
Movement in reserves		634,467	--	--	634,467
Balance at 30 September 2013		<u>6,658,268</u>	<u>40,000,000</u>	<u>5,000,000</u>	<u>51,658,268</u>
<b>Year ended 30 September 2012</b>					
Balance at 1 October 2011		5,452,854	40,000,000	5,000,000	50,452,854
Movement in reserves		<u>612,610</u>	<u>--</u>	<u>--</u>	<u>612,610</u>
Balance at 30 September 2012		<u>6,065,464</u>	<u>40,000,000</u>	<u>5,000,000</u>	<u>51,065,464</u>

The notes on pages 7 to 21 are an integral part of these financial statements.

# National Lotteries Control Board

## Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

		Year ended 30 September	
	Notes	2013 \$	2012 \$
<b>Cash flows from operating activities</b>			
Net Surplus		202,705,960	246,422,882
Adjustments for:			
Depreciation	5	857,452	707,630
Amortisation	6	46,395	62,951
Grant income	13	(903,846)	(770,581)
Correction of Capital Grant variances		278,252	--
Loss on sale of property, plant and equipment		--	2,615
		<u>202,984,213</u>	<u>246,425,497</u>
Changes in working capital			
Net change in inventories		1,699,030	(5,752,959)
Net change in trade and other receivables		(4,313,325)	9,021,732
Net change in deferred expenses		(106,235,223)	(12,928,862)
Net change trade and other payables		<u>133,684,499</u>	<u>7,062,589</u>
<b>Net cash provided by operating activities</b>		<u>227,819,194</u>	<u>243,827,997</u>
<b>Cash flows from financing activities</b>			
Increase in Agent fund reserve		592,804	612,609
Net payments to Comptroller of Accounts		<u>(217,151,998)</u>	<u>(246,484,344)</u>
<b>Net cash used in financing activities</b>		<u>(216,559,194)</u>	<u>(245,871,735)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(487,525)	(1,225,156)
Purchase of intangible assets	6	(67,725)	(263,138)
Proceeds on disposal of property, plant and equipment		--	10,078
<b>Net cash used in investing activities</b>		<u>(555,250)</u>	<u>(1,478,216)</u>
<b>Cash increase / (decrease) during the year</b>		10,704,750	(3,521,954)
<b>Cash and cash equivalents, beginning of year</b>		<u>196,505,888</u>	<u>200,027,842</u>
<b>Cash and cash equivalents, end of year</b>		<u>207,210,638</u>	<u>196,505,888</u>
<b>Cash and cash equivalents</b>			
Cash at bank and in hand		<u>207,210,638</u>	<u>196,505,888</u>

The notes on pages 7 to 21 are an integral part of these financial statements.

# National Lotteries Control Board

## Notes to the financial Statements 30 September 2013

(Expressed in Trinidad and Tobago Dollars)

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### 1 General information

The National Lotteries Control Board (the Board) was established as a state entity by Act No. 22 of 1968 (the National Lotteries Act) for the promotion and conduct of national lotteries in the Republic of Trinidad and Tobago. Pursuant to Act No. 31 of 1988 (the Sports and Culture Fund Act, 1988), the instant lottery (Instant Money Games) was launched. In March 1994, the National Lotteries Regulations were amended for the operation of the on-line lottery. In 1995, the Board launched commercial services with the creation of the VIA platform. The registered office of the Board is #119-121 Duke Street, Port of Spain.

In accordance with the National Lotteries Act, the surpluses from the Instant Money Games are paid into the Sports and Culture Fund. All remaining surpluses from on-line games and VIA commercial transactions are paid into the Consolidated Fund of the Republic of Trinidad and Tobago.

### 2 Summary of significant accounting policies

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

#### a. Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Board's accounting policies

#### (i) Changes in accounting policies and disclosures

##### (a) New standards, amendments and interpretations adopted by the Board

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 October 2012 that would be expected to have a material impact on the Board.

##### (b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2014 and not early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Board.

# National Lotteries Control Board

## Notes to the financial Statements (continued)

30 September 2013

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### b. *Foreign currency translation*

##### (i) *Functional and presentation currency*

Items included in the financial statements of the Board are measured using the currency of the primary economic environment in which the Board operates ('the functional currency'). The financial statements are presented in Trinidad and Tobago dollars, which is the Board's functional and presentation currency.

##### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional and presentation currency using the exchange rates prevailing at the dates of the transactions. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of comprehensive income.

#### c. *Property, plant and equipment*

##### (i) *Recognition and measurement*

Items of property, plant and equipment are measured initially at cost less accumulated depreciation and accumulated impairment losses.

##### (ii)

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

##### (iii)

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other revenue" in the Statement of Comprehensive Income.

##### (iv) *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Board and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Comprehensive Income as incurred.

# National Lotteries Control Board

## Notes to the financial Statements (continued)

30 September 2013

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### c. *Property, plant and equipment (continued)*

##### (v) Depreciation

Depreciation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land and work-in-progress are not depreciated.

The annual depreciation rates are as follows:

Building Improvements	-	3%
Computer equipment	-	20%
Office equipment	-	20%
Furniture and fixtures	-	20%
Motor vehicles	-	20%
Equipment	-	20%

#### d. *Financial assets*

##### (i) *Classification*

The Board classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. The Board's loans and receivables comprise 'trade and other receivables', 'loans due from related parties' and 'cash and cash equivalents' in the statement of financial position.

##### (ii) *Recognition and measurement*

Loans and receivables are carried at cost less impairment.

##### (iii) *Impairment of financial assets*

The Board assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

# National Lotteries Control Board

## Notes to the financial Statements (continued)

30 September 2013

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### d. *Financial assets (continued)*

##### (iii) *Impairment of financial assets (continued)*

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the value of the estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

#### e. *Inventories*

Inventories are stated at cost. Cost is determined by the actual landed cost of the Instant Money Game tickets and by the purchase price of the bus tickets.

#### f. *Trade receivables*

Trade receivables are amounts due from customers for merchandise sold or service performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value, and subsequently measured at amortised cost less provision for impairment.

#### g. *Cash and cash equivalents*

Cash and cash equivalents include cash at bank and on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

#### h. *Trade and other payables*

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 (or in the normal cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value, and consequently measured at amortised cost.

#### i. *Provisions*

Provisions are recognised when: the Board 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 has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

# National Lotteries Control Board

## Notes to the financial Statements (continued)

30 September 2013

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### j. *Revenue recognition*

Revenue comprises income from sale of on-line game tickets and instant money game tickets, as well as commissions from the VIA commercial transactions.

Revenue from on-line game tickets are recognised at the time that the games are drawn; tickets being generated for the buying public through the Board's authorised agents. Instant money game revenue is recognised at the earlier of 60 days or upon the validation of winning tickets in the batch of tickets delivered to the Agent.

Commissions from VIA commercial transactions is recognised upon receipt of the third party billing related to the collection of funds for the commercial transactions.

#### k. *Government grants*

The Government of Trinidad and Tobago provides grants to the Board in respect of capital expenditure to be incurred in support of the Board's objectives. The grants are effected by means of a deduction from the surplus generated from the activities of the Board and are recognised as deferred income at the time of approval of the grant by the Government of Trinidad and Tobago. The depreciation charged on the items of capital expenditure which have been financed by these grants is matched by an identical amount of grant income, which is recognised as income in the statement of comprehensive income.

#### l. *Finance (interest) income and expenses*

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Board reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Finance expenses comprise bank charges only, as the Board has no borrowings.

#### m. *Taxation*

The Board's activities are exempt from corporation tax, business levy and green fund levy. The National Lotteries Act provides the following: 'The Minister may by Order exempt the Board in whole or in part from any payment of any tax, fee or duty imposed by or under any written law.' As a result, deferred taxation is not applicable for financial reporting purposes.

# National Lotteries Control Board

## Notes to the financial Statements (continued)

30 September 2013

(Expressed in Trinidad and Tobago Dollars)

### 3 Financial risk management

#### a. Financial risk factors

The Board's activities expose it to certain financial risks: credit risk and liquidity risk. The Board of Directors provides principles for overall risk management, as well as policies covering specific areas, such as credit risk and investing excess liquidity.

##### (i) Credit risk

The Board's exposure to credit risk lies primarily with its trade and other receivables, and cash and cash equivalents. Customers are not rated independently, however management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

The Board's maximum exposure to credit risk amount to \$230M (2012: \$215M). The exposure is based on the net carrying amounts as reported in the statement of financial position.

##### (ii) Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Board's reputation.

#### b. Fair value estimation

The carrying amounts of trade and other receivables (less impairment provision) and trade and other payables assumed to approximate to their fair values.

The following table summarizes the carrying amounts and fair values of the Board's financial assets and liabilities:

	2013	
	Carrying amount	Fair value
	\$	\$
<i>Financial assets</i>		
Cash and cash equivalents	207,210,638	207,210,638
Trade and other receivables	22,780,213	22,780,213
<i>Financial Liabilities</i>		
Trade payables	44,702,650	44,702,650
Due to Comptroller of Accounts	123,916,212	123,916,212
Unclaimed Prizes	150,842,459	150,842,459



# National Lotteries Control Board

## Notes to the financial Statements (continued)

30 September 2013

(Expressed in Trinidad and Tobago Dollars)

### 3 Financial risk management (continued)

#### b. Fair value estimation (continued)

	2012 Carrying amount \$	Fair value \$
<i>Financial assets</i>		
Cash and cash equivalents	196,505,888	196,505,888
Trade and other receivables	18,466,888	18,466,888
<i>Financial Liabilities</i>		
Trade payables	19,115,865	19,115,865
Due to Comptroller of Accounts	138,917,502	138,917,502
Unclaimed Prizes	42,744,743	42,744,743

#### c. Capital risk management

The Board is subject to externally imposed capital requirements. All surpluses from operations must be remitted to the Central Government. Any requirements for funding outside of regular operating expenditure must be approved by the Ministry of Finance. The Board has no borrowings, and its capital structure consists of reserves created for future building construction and related furniture, and a fund maintained for Agents.

### 4 Critical accounting estimates and judgements

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Board's accounting policies. See Note 2.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. The Board makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Plant and equipment*

The rates of depreciation are based on management's judgement in determining the estimated useful lives and residual values of the Board's assets.

#### *Provision for impaired trade receivables*

Judgement is required in determining provisions for impaired trade receivables, with considerations of multiple factors including assessment of agents' financial positions and expectations regarding settlement of debts due.

# National Lotteries Control Board

## Notes to the financial Statements (continued)

30 September 2013

(Expressed in Trinidad and Tobago Dollars)

5	Property, plant and equipment	Land \$	Motor Vehicles \$	Computer equipment \$	Furniture and fixtures \$	Equipment \$	Office equipment \$	Total \$
<b>Year ended 30 September 2013</b>								
<b>Cost</b>								
	Balance as at 1 October 2012	41,486,307	571,600	2,328,575	1,511,481	2,674,385	1,260,876	49,833,224
	Additions	129,951	--	46,644	277,835	29,825	3,270	487,525
	Reclassification to Investment Property Adjustments	(29,214,617)	--	--	--	--	--	(29,214,617)
	Balance as at 30 September 2013	12,401,641	571,600	2,499,856	1,791,572	2,727,616	1,166,414	21,158,699
<b>Accumulated Depreciation</b>								
	Balance as at 1 October 2012	4,094,674	442,300	1,758,312	1,298,364	1,644,687	1,166,739	10,405,076
	Charge for the year	241,829	86,200	175,934	81,617	237,844	34,028	857,452
	Adjustments	70,428	42,864	77,615	48,685	129,701	(72,898)	296,395
	Balance as at 30 September 2013	4,406,931	571,364	2,011,861	1,428,666	2,012,232	1,127,869	11,558,923
<b>Year ended 30 September 2013</b>								
	Balance as at 30 September 2013	7,994,710	236	487,995	362,906	715,384	38,545	9,599,776
<b>Year ended 30 September 2012</b>								
	Balance as at 30 September 2012	37,391,633	129,300	570,263	213,117	1,029,698	94,137	39,428,148

# National Lotteries Control Board

## Notes to the financial Statements (continued)

30 September 2013

(Expressed in Trinidad and Tobago Dollars)

5 Property, plant and equipment (continued)		Land \$	Motor Vehicles \$	Computer equipment \$	Furniture and fixtures \$	Equipment \$	Office equipment \$	Total \$
Year ended 30 September 2012								
Cost								
Balance as at 1 October 2011		41,469,512	571,600	1,955,663	1,449,411	1,937,631	1,243,609	48,627,426
Additions		16,795	--	372,912	65,562	752,620	17,267	1,225,156
Disposals		--	--	--	(3,492)	(15,866)	--	(19,358)
Balance as at 30 September 2012		<u>41,486,307</u>	<u>571,600</u>	<u>2,328,575</u>	<u>1,511,481</u>	<u>2,674,385</u>	<u>1,260,876</u>	<u>49,833,224</u>
Accumulated Depreciation								
Balance as at 1 October 2011		3,853,894	356,100	1,620,880	1,261,792	1,525,881	1,085,564	9,704,111
Charge for the year		240,780	86,200	137,432	40,064	121,979	81,175	707,630
Disposals		--	--	--	(3,492)	(3,173)	--	(6,665)
Balance as at 30 September 2012		<u>4,094,674</u>	<u>442,300</u>	<u>1,758,312</u>	<u>1,298,364</u>	<u>1,644,687</u>	<u>1,166,739</u>	<u>10,405,076</u>
Year ended 30 September 2012								
Balance as at 30 September 2012		<u>37,391,633</u>	<u>129,300</u>	<u>570,263</u>	<u>213,117</u>	<u>1,029,698</u>	<u>94,137</u>	<u>39,428,148</u>
Balance as at 30 September 2011		<u>37,615,618</u>	<u>215,500</u>	<u>334,783</u>	<u>187,619</u>	<u>411,750</u>	<u>158,045</u>	<u>38,923,315</u>

# National Lotteries Control Board

## Notes to the financial Statements (continued)

30 September 2013

(Expressed in Trinidad and Tobago Dollars)

6	Intangible Assets	2013 \$	2012 \$
	<b>Cost</b>		
	Balance as at 1 October	2,040,786	1,777,648
	Additions	67,725	263,138
	Adjustments	<u>(355,445)</u>	<u>--</u>
	Balance as at 30 September	<u>1,753,066</u>	<u>2,040,786</u>
	<b>Accumulated Amortisation</b>		
	Balance as at 1 October	1,622,757	1,559,806
	Current charge	46,395	62,951
	Adjustment	<u>(103,272)</u>	<u>--</u>
	Balance as at 30 September	<u>1,565,880</u>	<u>1,627,757</u>
	Net book value as at 30 September	<u>187,186</u>	<u>418,029</u>

This balance represents software and related costs procured for the use of the Board. The intangible assets are recorded at cost and are amortised over their expected lives, which are expected to be 5 years. If the life of an asset expires prior to the expected life, the remaining value of the asset is fully expensed in the applicable year.

## 7 Investment property

The Board acquired a property on Pembroke Street, Port of Spain with the intention of constructing its main offices. The approval of the Government is required prior to the commencement of construction, and no approval has been forthcoming nor has the matter been pursued for approval. The property generates income through use as a car park space, informally leased to a third party.

Prior to 2013, the cost of this asset was classified as Property, Plant and Equipment. The investment is measured at cost and there is no depreciation expense related to this property. The property generates income through use as a car park space, informally leased to a third party.

	2013 \$	2012 \$
Rental Income	<u>588,000</u>	<u>470,650</u>
8 Inventories		
	2013 \$	2012 \$
Instant Money Game tickets	4,516,111	6,291,773
Bus tickets	<u>363,537</u>	<u>286,905</u>
	<u>4,879,648</u>	<u>6,578,678</u>

## 9 Deferred expenses and Unclaimed prizes

The balance for unclaimed prizes relate to prizes of the On-line and Instant Money Games.

The prizes for On-line Games are determined at the completion of each draw, and the value of these prizes are expensed after the completion of the draw and the related amount is recorded as Unclaimed prizes in recognition of the liability.

# National Lotteries Control Board

## Notes to the financial Statements (continued)

30 September 2013

(Expressed in Trinidad and Tobago Dollars)

### 9 Deferred expenses and Unclaimed prizes (continued)

At the time of release of each Instant Money Game, all prizes are considered to be won, and are pending redemption. The total prizes to be won for the game are recorded as unclaimed prizes. The deferred expense is recognition of the unclaimed Instant Money Game prizes; this is unwound with the presentation and payment of winning tickets and the recognition of the expense upon redemption of the prize.

### 10 Accounts Receivable and Other Assets

	2013 \$	2012 \$
Trade receivables	31,409,061	30,548,517
Less: Provision for impairment	<u>(13,119,645)</u>	<u>(14,765,503)</u>
	18,289,416	15,783,014
Other debtors	3,085,491	794,390
Prepayments	<u>1,405,306</u>	<u>1,889,484</u>
	<u>22,780,213</u>	<u>18,466,888</u>

The fair values of the above items approximate to their carrying amounts.

The credit quality of trade receivables is summarised as follows:

Not past due and not impaired	14,285,504	12,455,967
Past due but not impaired	4,003,912	3,327,047
Impaired	<u>13,119,645</u>	<u>14,765,503</u>
Balance, end of year	<u>31,409,061</u>	<u>30,548,517</u>

Trade receivables that are more than one month past due are not considered impaired.

As of 30 September 2013, accounts receivables of \$13.1M (2012 – \$14.8M) were impaired and provided for. The movement in the provision is as follows:

#### Provision for impairment

Balance, beginning of year	14,765,503	4,724,625
Adjustment to prior period	(3,257,168)	10,297,372
Charge/(writeback) for the year	<u>1,611,310</u>	<u>(256,494)</u>
Balance, end of year	<u>13,119,645</u>	<u>14,765,503</u>

The creation and release of provision for impaired receivables have been included in 'operating expenses' in the statement of comprehensive income. Amounts charged are generally written off when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at 30 September 2013 is the fair value of each class of receivable mentioned above. The Board does not hold any collateral as security.

# National Lotteries Control Board

## Notes to the financial Statements (continued)

30 September 2013

(Expressed in Trinidad and Tobago Dollars)

### 11 Cash and cash equivalents

	2013 \$	2012 \$
Cash at bank and in hand	<u>207,210,638</u>	<u>196,505,888</u>

### 12 Reserves

#### 12.1 Agent fund reserve

The Board charges and collects from the on-line agents, certain contributions which are intended to be used to provide relief to on-line agents who have experienced unfortunate events such as robbery. Payment of claims made by agents is subject to the sole discretion of the Board who shall determine the merit of each claim individually. The excess of this income over any claims expense reported in the current period is transferred to the agent fund reserve.

#### 12.2 Building reserve

This balance represents historic amounts associated with the transfer to buildings to the Board from the Government of the Republic of Trinidad and Tobago upon the Board's formation. The amounts are held as a reserve in the absence of a directive from the Government as to its treatment.

#### 12.3 Furniture reserve

This balance represents historic amounts associated with the transfer to furniture to the Board from the Government of the Republic of Trinidad and Tobago upon the Board's formation. The amounts are held as a reserve in the absence of a directive from the Government as to its treatment.

### 13 Government Grant

	2013 \$	2012 \$
Balance as at 1 October	39,567,925	38,869,570
Adjustment to opening balance of grant	278,251	--
Capital purchases		
Property, plant and equipment	487,525	1,225,156
Intangible assets	<u>67,725</u>	<u>263,138</u>
	555,250	1,488,294
Disposal of assets	--	(19,358)
Adjustments to		
Property, plant and equipment	(243,827)	--
Intangible assets	<u>(252,173)</u>	<u>--</u>
	(496,000)	--
Unwinding of grant, in income statement		
Depreciation	(857,452)	(707,930)
Amortisation	<u>(46,395)</u>	<u>(62,951)</u>
	<u>(903,847)</u>	<u>(770,581)</u>
Balance as at 30 September	<u>39,001,579</u>	<u>39,567,925</u>

# National Lotteries Control Board

## Notes to the financial Statements (continued)

**30 September 2013**

*(Expressed in Trinidad and Tobago Dollars)*

<b>13 Government Grant (continued)</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
The grant is represented by the following:		
Property, plant and equipment	9,599,776	39,428,148
Investment property	29,214,617	--
Intangible assets	<u>187,186</u>	<u>418,030</u>
	<u><b>39,001,579</b></u>	<u><b>39,846,178</b></u>

This balance is comprised entirely of monetary grants made to the Board by the Government of the Republic of Trinidad and Tobago in respect of the purchase of capital items recorded under property, plant and equipment, intangible assets and investment property.

<b>14. Trade and other payables</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Payables	24,277,404	10,784,752
Accruals and other payables	19,413,545	7,130,196
Agent equipment deposits	806,328	1,115,641
Advance ticket sales	<u>205,373</u>	<u>85,276</u>
	<u><b>44,702,650</b></u>	<u><b>19,115,865</b></u>

## **15 Due to Comptroller of Accounts – Central Government**

Under the legislative provisions applicable to Board, the annual net surplus is payable to the Comptroller of Accounts of the Government of Trinidad and Tobago, along with any winnings in any lottery game that remain unpaid to the winner after one year from declaration of the results.

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Balance as at 1 October	138,917,502	136,846,494
Net surplus for the year	197,906,049	246,422,882
Prior year adjustments (See note 19)	<u>4,799,911</u>	<u>--</u>
Surplus due to Comptroller of Accounts	<u><b>202,705,960</b></u>	<u><b>246,422,882</b></u>
Movement in reserves	(555,250)	(1,468,938)
(Decrease)/Increase in Unclaimed Prizes	(15,724,847)	3,601,408
Payments to Sports and Culture Fund	(11,773,391)	(10,689,065)
Payments to Consolidated Fund	<u>(189,653,762)</u>	<u>(235,795,279)</u>
Balance as at 30 September	<u><b>123,916,212</b></u>	<u><b>138,917,502</b></u>

This balance is unsecured, interest free and payable on demand.

# National Lotteries Control Board

## Notes to the financial Statements (continued)

30 September 2013

(Expressed in Trinidad and Tobago Dollars)

### 16. Operating Expenses by nature

	2013 \$	2012 \$
Advertising and marketing	38,882,473	32,761,462
Audit fees	80,000	80,000
Bad debts	1,611,311	(256,494)
Board fees	379,500	330,000
Depreciation and amortisation	903,846	770,581
Entertainment	1,894,200	1,543,651
Insurance	156,930	91,943
Interest	--	15,793
Legal fees	930,697	236,870
Meetings	47,181	96,493
Other expenses	2,241,165	1,787,043
Rental	1,041,121	900,462
Repairs and Maintenance	817,560	828,474
Security	1,798,909	1,842,493
Software costs	218,448	177,591
Staff costs	12,240,672	8,578,284
Travel	1,376,071	1,384,025
Utilities	819,666	809,410
	<u>65,439,750</u>	<u>51,978,081</u>

### 17. Related party transactions

- a) The Board has balances payable to the Government of Trinidad and Tobago as disclosed in note 15. The amounts due are unsecured, interest free and have no fixed terms of repayment.
- b) Key management compensation for the current year was \$1,286,005 (2012 - \$1,248,371).

### 18. Commitments

The Board has contractual commitments to a third party in respect of the operation of an on line lottery processing system comprising hardware, software and certain support activities. The existing contract expires in March 2021 and has been renewed for a further three (3) years to March 2024.

### 19. Adjustments to prior period

There were material adjustments related to prior period errors as described below:

	\$
1. Adjustments related to the incorrect accounting for prize moneys	14,581,587
2. Adjustments related to the reduction of bad debt provision for period up to 2012	3,257,168
3. Adjustments related to amounts accrued for Sports and Culture Fund payments; payments were made but accruals were not reversed	620,406
4. Adjustments related to non-Agent debtor balances considered non-collectable	(697,046)
5. Adjustments related to inventory valuation	(1,195,264)
6. Adjustments related to Agent receivables; this represents the variance between available records to support amounts due from Agents and the prior period financial statement balance	(11,810,044)
7. Other	<u>43,104</u>
Total adjustment related to prior periods	<u>4,799,911</u>



# National Lotteries Control Board

## Notes to the financial Statements (continued)

**30 September 2013**

*(Expressed in Trinidad and Tobago Dollars)*

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### **20. Contingent liabilities**

At 30 September 2013, the Board is party to certain claims, the outcome of which are uncertain as of the statement of financial position date. The directors after obtaining legal advice are of the view that no material liabilities are expected to crystallise other than amounts currently provided.

### **21. Subsequent events**

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. There has also been a precipitous decline in the spot price of crude oil on global markets as a result of both market forces and COVID-19. The extent and duration of the impact of these events on global and local economies, financial markets, and sectors in which the entity operates is uncertain at this point and has the potential to continue to adversely affect our business, results of operations or financial condition, the impact of which is still under assessment. As a direct result of COVID-19, in March 2020 there was a suspension of gaming activities following a directive of Government of the Republic of Trinidad and Tobago. This suspension was lifted in June 2020.