



The Prize Bond Company  
Designated Activity Company

**Annual Report 2018**



# Contents

	Page
Corporate Information	1
Chairman's Statement	2
Directors' Report	4
Directors' Responsibilities Statements	5
Independent Auditor's Report	6
Income Statement	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13
Supplementary information - Operational statistics (unaudited)	19

## Directors

John Daly (Chairman)  
Denis Creighton  
Frank O'Connor (resigned 2 January 2018)  
Anthony Linehan (appointed 2 January 2018)  
Alan McGeehan  
William Mooney  
Mary O'Connell  
Ivo O'Sullivan  
John Rice

## Secretary

Brian Fay

## Registered Office

General Post Office, O'Connell Street Lower, Dublin 1, D01 F5P2.

## Operational Centres

Iveragh Road, Killorglin, Co. Kerry, V93 WN9T.  
General Post Office, O'Connell Street Lower, Dublin 1, D01 F592.

## Auditor

Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2  
D02 AY28

## Bankers

Bank of Ireland

## Solicitor

Hugh O'Reilly, GPO

## Website

[www.StateSavings.ie](http://www.StateSavings.ie)

## Registration number

144332

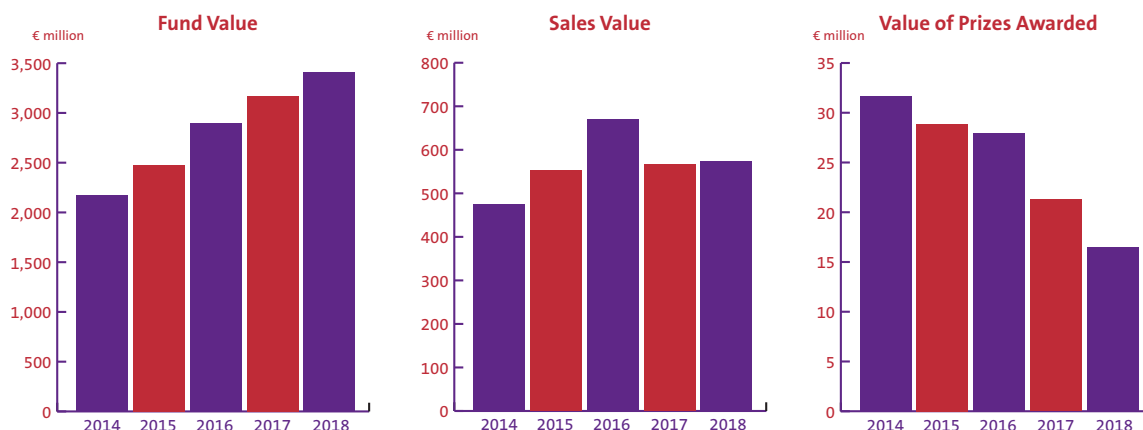
In this, our 30th year since we first began the Prize Bonds operation in 1989, I am pleased to report another positive year in 2018, both in respect of sales and fund growth but also in improving the service to our customers.

Sales increased to €574m during the year. The fund, the total sum invested in Prize Bonds grew, by almost 8% to over €3.415 billion, reflecting continued customer confidence in the product.

The operating performance indicators for 2018 were:

Indicator	Performance	% Change on 2017
Sales	€574.3m	1.2%
Repayments	€328.4m	11.2%
Sales less repayments	€245.9m	(9.6%)
Fund value at year end	€3,415.2m	7.7%
Value of prizes awarded	€16.4m	(22.7%)
No. of prizes awarded	224,474	(25.7%)
No. of purchases	213,261	(7.1%)

## Prize Bond Weekly Draws



The continued growth in the Prize Bonds fund demonstrates customers' attraction to the Prize Bond product. Customers continue to be attracted by the unique nature of their investments, funds being preserved together with the opportunity to win prizes every week. In 2018 we issued over 224,000 prizes to our customers. We currently issue over 4,600 prizes on a weekly basis.

The total value of prizes to be issued is determined by the National Treasury Management Agency (NTMA) by the application of an interest rate to the value of outstanding Prize Bonds. This rate has remained unchanged since August 2017.

## Unclaimed Prizes

At the end of 2018, the number of unclaimed prizes, built up since the launch of the product in 1957, amounted to €2.74 million. Unclaimed prizes are defined as not claimed after six months. It should be noted that we communicate with every prize winner at the address we have for the customer. Unclaimed prizes primarily arise due to customers not notifying us of their change of address. We encourage customers to notify us of any changes as early as possible after the change.

The amount outstanding in these prizes is a very small part of the value of prizes awarded over the years since the incorporation of the Prize Bond Scheme. All prizes are listed on the State Savings website, [www.StateSavings.ie](http://www.StateSavings.ie). It is important to remember that prizes are held indefinitely until claimed by a bond holder.

## Improving Service

Prize Bonds is a very important offering in the State Savings product portfolio which is offered to retail investors on behalf of the NTMA. During 2018, we continued our investments of recent years to develop and improve our systems and processes. Our new customer database, introduced in 2016, has proven very popular with our repeat purchasers, with an easier purchase process. In 2018 a new improved website was launched, making it easier for customers to purchase and to get more information on our product. I am happy to report that 8% of our sales are now completed online.

We have worked closely with the NTMA to improve the customer processes. Plans are in place to continue these improvements in 2019, in particular with the introduction of more online services. In the coming years customers will be able to see their state savings holdings, including Prize Bonds, online and to undertake more activity with us using their choice of channel. Regular customers buying in Post Offices will also see improvements in the purchase process in 2019. This is an important development given that over 50% of purchases take place in Post offices.

The creation of an omni-channel customer services is key to providing customers with improved services in the future and I am confident that customers will react favourably to the planned changes.

## Appreciation

As always I acknowledge with thanks the contribution of my fellow Board members during the past year.

I would also like to thank the management and staff of An Post and FEXCO for their significant contribution to our performance in 2018.

Finally, I wish to thank the National Treasury Management Agency for their continued support and invaluable assistance.



John Daly, Chairman

The directors have pleasure in submitting their annual report, together with the audited financial statements of the Company, for the financial year ended 31 December 2018.

## 1. The Company

The Company carries on the business of administering the Prize Bond Scheme under a contract with the National Treasury Management Agency which will run until 31 December 2019. While at this stage no certainty exists regarding the future of this contract beyond 31 December 2019 we have been notified by the NTMA that the company would be expected to continue to provide services for a period of at least 3 months beyond the above date. On that basis the Directors are confident that the contract will continue until at least the end of March 2020.

The issued share capital is held 50% each by An Post and FEXCO.

## 2. Results for the year

The results for the year are set out in the income statement on page 9 and in the related notes.

The directors do not propose the payment of a dividend for the financial year (2017: €Nil).

## 3. Business review

The business review is included in the Chairman's Statement. As described therein, the performance of the Company in 2018 continued to be positive. Sales remained strong at €574.3 m (2016: €567.4million). Contract fees, earned by the Company, increased by 8.6% to €10.8 m reflecting the increase in sales and fund size. Changes in the balance sheet and cash position largely reflects the timing in payments to related parties.

The key risks and uncertainties facing the future development of the Company include the performance of its sub-contractors and ensuring the relevance of our product in the increasingly competitive market in which we operate. The directors have developed a range of strategies to address these and other risks faced by the company.

## 4. Directors, secretary and their interests

The changes to the Company's Directors and Secretary during the year are outlined on Page 1.

The directors and secretary, who held office at 31 December 2018 had no interest in the shares in, or debentures of, the Company or any Group company.

## 5. Subsequent events

There were no events between the balance sheet date and the date these financial statements were approved that would require either adjustment to, or disclosure in, these financial statements.

## 6. Accounting records

The directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to adequate accounting records by employing personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the company are maintained at the registered office.

## 7. Relevant audit information

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

## 8. Auditor

In accordance with Section 383(2) of the Companies Act 2014, Deloitte Ireland LLP, Chartered Accountants, will continue in office.

Approved by the Board and signed on its behalf by:



John Daly  
Chairman



Denis Creighton  
Director

29 March 2019



# Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and financial statements in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of its profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with the applicable accounting standards, identify those standards and note the effect and reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the company and enable them to ensure that its financial statements comply with the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

On behalf of the board



John Daly  
Chairman



Denis Creighton  
Director

29 March 2019



# Independent Auditor's Report

to the members of The Prize Bond Company Designated Activity Company

6

## Report on the audit of the financial statements

### Opinion on the financial statements of The Prize Bond Company Designated Activity Company (the 'company')

In our opinion the company financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at financial year ended 31 December 2018 and of the result for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Income Statement;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the related notes 1 to 13, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, 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.

### Material Uncertainty Related to Going Concern

We draw attention to note 1 to the financial statements, which indicates that the Company carries on the business of administering the Prize Bond Scheme under a contract with the National Treasury Management Agency ("the NTMA") which will run until 31 December 2019. While at this stage no certainty exists regarding the future of this contract beyond 31 December 2019, the directors have been notified by NTMA that the company would be expected to continue to provide services for at least three months beyond this date. On this basis the Directors are confident that the contract will continue until at least 31 March 2020 and have prepared the financial statements on the going concern basis. This condition indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements for the financial year ended 31 December 2018, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

# Independent Auditor's Report

## to the members of The Prize Bond Company Designated Activity Company

7

### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, 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 (Ireland) 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.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

# Independent Auditor's Report

to the members of The Prize Bond Company Designated Activity Company

8

## Report on other legal and regulatory requirements

### Opinion on other matters prescribed by the Companies Act 2014


Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

### Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.



Emer O'Shaughnessy  
for and on behalf of Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2

29 March 2019

# Income Statement

## For the year ended 31 December, 2018

	Note	2018	2017
	€	€	
Revenue	2	<b>10,897,986</b>	10,036,306
Operating expenses	3	<b>(10,897,986)</b>	(10,036,306)
<b>Profit before tax</b>		-	-
Income tax	5	-	-
<b>Profit for financial year</b>		-	-

The company had no gains or losses in the current financial year or the preceding financial year other than those dealt with in the income statement above.

# Statement of Financial Position

## For the year ended 31 December, 2018

10

	Note	2018 €	2017 €
<b>Assets</b>			
Trade and other receivables	6	1,181,027	769,447
Cash and cash equivalents		19,327,431	17,130,202
<b>Current assets</b>		<b>20,508,458</b>	17,899,649
<b>Total assets</b>		<b>20,508,458</b>	17,899,649
<b>Equity</b>			
Share capital	8	125	125
Other reserves	8	2	2
Retained earnings		-	-
<b>Total equity</b>		<b>127</b>	127
<b>Current liabilities</b>			
Trade and other payables	7	20,508,331	17,899,522
<b>Total current liabilities</b>		<b>20,508,458</b>	17,899,649
<b>Total equity and liabilities</b>		<b>20,508,458</b>	17,899,649

The financial statements were approved and authorised for issue by the Board of Directors on 28th February 2019 and signed on its behalf by:



John Daly  
Chairman



Denis Creighton  
Director

# Statement of Changes in Equity

## For the year ended 31 December, 2018

	Share capital €	Other reserves €	Retained earnings €	Total equity €
Balance at 31 December 2016	125	2	-	127
Profit for the financial year	-	-	-	-
<b>Balance at 31 December 2017</b>	<b>125</b>	<b>2</b>	<b>-</b>	<b>127</b>
Profit for the financial year	-	-	-	-
<b>Balance at 31 December 2018</b>	<b>125</b>	<b>2</b>	<b>-</b>	<b>127</b>

# Statement of Cash Flows

## For the year ended 31 December, 2018

12

	Note	2018 €	2017 €
<b>Cash flows from operating activities</b>			
Profit for the year		-	-
Adjustments for:			
Tax expense		-	-
		<hr/>	<hr/>
		-	-
<i>Changes in:</i>			
Trade and other receivables		(411,580)	(35,964)
Trade and other payables		2,608,809	(715,589)
		<hr/>	<hr/>
Cash generated from/(used in) operating activities		2,197,229	(751,553)
Tax repaid		-	4,447
		<hr/>	<hr/>
<b>Net cash flow from operating activities</b>		<b>2,197,229</b>	<b>(747,106)</b>
		<hr/>	<hr/>
<b>Cash flow from investing activities</b>			
Interest received		-	-
		<hr/>	<hr/>
<b>Net cash flows from investing activities</b>		<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalent</b>		<b>2,197,229</b>	<b>(747,106)</b>
		<hr/>	<hr/>
Cash and cash equivalents at beginning of year		17,130,202	17,877,308
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of the year</b>		<b>19,327,431</b>	<b>17,130,202</b>
		<hr/> <hr/>	<hr/> <hr/>



### 1. Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### 1.1 Basis of preparation and statement of compliance

##### *Reporting entity*

The Prize Bond Company Designated Activity Company (the “Company”) is a company incorporated and domiciled in Ireland.

##### *Statement of Compliance*

These financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by EU (EU IFRS).

##### *Going concern*

The financial statements have been prepared on a going concern basis. This directors, having assessed the resources of the Company have concluded that the Company has adequate resources to continue in operational existence. The Company carries on the business of administering the Prize Bond Scheme under a contract with the National Treasury Management Agency which will run until 31 December 2019. While at this stage no certainty exists regarding the future of this contract beyond 31 December 2019 we have been notified by the NTMA that we would be expected to continue to provide services for a period of at least 3 months beyond the above date. On that basis the Directors are confident that the contract will continue until at least end of March 2020.

##### *Basis of measurement*

These financial statements are prepared on a historical cost basis.

##### *Functional and presentation currency*

The financial statements have been presented in euro, which is the functional currency of the company.

##### *Use of judgements and estimates*

In preparing these financial statements, management has made no judgements, estimates and assumptions that affect the application of the company’s accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

#### 1.2 Prize Bond Scheme

The company administers, for an agreed scale of remuneration, the Prize Bond Scheme. The funds are remitted regularly to the National Treasury Management Agency acting on behalf of the Minister for Finance. The assets and liabilities of the Prize Bond Scheme vest in the Minister and, accordingly, are not included in the balance sheet of the company.

#### 1.3 Revenue

Income comprises the value of all services provided, calculated in accordance with the contract for the administration and sale of the Prize Bond Scheme, excluding value added tax.

#### 1.4 Advertising and promotional expenditure

Advertising and promotional expenditure is as incurred.

#### 1.5 Taxation

Income tax expense comprises current and deferred tax. It is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI, in which case it is recognised directly in equity or other comprehensive income.

##### *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year

and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria is met.

#### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangement to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse the foreseeable future; and
- taxable temporary differences arising on initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits, deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

### **1.6 New and amended IFRS Standards that are effective for the current year**

#### *Impact of initial application of IFRS 9 Financial Instruments*

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. Additionally, the Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018 and to the comparative period.

IFRS 9 has not resulted in changes in the carrying amounts of the Group's financial instruments due to changes in measurement categories. All financial assets that were classified as receivables and measured at amortised cost continue to be measured at amortised cost. Financial liabilities continue to be classified as amortised cost and measured at amortised cost. In addition, the application of the ECL model under IFRS 9 has not changed the carrying amounts of the Company's financial assets. The carrying amounts of financial assets continued to approximate their fair values on the date of transition to IFRS 9.

#### *Impact of application of IFRS 15 Revenue from Contracts with Customers*

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

# Notes forming part of the Financial Statements (continued)

## for the year ended 31 December, 2018

15

The Company has applied IFRS 15 in accordance with the fully retrospective transitional approach using the practical expedient for completed contracts in IFRS 15:C5(a) for all reporting periods presented before the date of initial application, i.e. 1 January 2018.

The Company's accounting policies for its revenue streams are disclosed above. The application of IFRS 15 has not had an impact on the financial position or financial performance of the Company.

### New standards, amendments and interpretations issued, but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 3 (Amendment) Definition of a Business	1 January 2020
IFRS 9 (Amendment) Prepayment Features with Negative Compensation	1 January 2019
IFRS 10 (Amendment) Sale or Contribution of Assets between Investor and its Associate or Joint Venture	Optional
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021
IAS 1 (Amendment) Definition of Material	1 January 2020
IAS 8 (Amendment) Definition of Material	1 January 2020
IAS 19 (Amendment) Plan Amendment, Curtailment or Settlement	1 January 2019
IAS 28 (Amendment) Long-term Interests in Associates and Joint Arrangements	1 January 2019
IAS 28 (Amendment) Sale or Contribution of Assets between Investor and its Associate or Joint Venture	Optional
Annual Improvements to IFRS Standards 2015-2017 Cycle (Amendment)	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020

The standards and interpretations addressed above will be applied for the purposes of the Company's financial statements with effect from the dates listed. The directors are currently assessing the impact in relation to the adoption of these standards and interpretations for future periods of the Company.

## 2. Revenue

	2018	2017
	€	€
The analysis of income is as follows:		
Contract fees	<b>10,897,986</b>	10,036,306

All income originated in Ireland.

## 3. Operating Costs

	2018	2017
	€	€
The analysis of operating costs is as follows:		
Administrative and distribution expenses	<b>10,883,986</b>	10,022,306
Auditor's remuneration	<b>14,000</b>	14,000
Directors' remuneration	-	-
	<b>10,897,986</b>	10,036,306

The average number of persons employed by the Company in the financial year was Nil (2017: Nil).

#### 4. Material contracts and related party disclosures

The Company entered into a contract dated 27 July 2010 with the National Treasury Management Agency. The contract provides for the administration of the Prize Bond Scheme by the company until 31 December 2019 unless terminated sooner under clause 7 of the contract. In the year under review, the company transferred net funds totalling €213,373,335 (2017: €244,393,126) to the National Treasury Management Agency, comprising receipts for Prize Bond sales less claims for Prize Bond encashments, prize payments and operating costs. The net balance due to the National Treasury Management Agency at 31 December 2018 was €7,924,713 (2017, due to NTMA: €5,951,440).

The Company entered into a contract dated 27 July 2010 with An Post. The contract provides for certain aspects of the administration of the Prize Bond Scheme to be carried out by An Post until 31 December 2019, unless terminated sooner under clause 3 of the contract. In accordance with the terms of the contract, An Post earned total fees of €4,113,811 (2017: €4,037,728) during the year for the provision of administration services. Other services totalling €Nil (2017: (€16,190)) were provided to the company by An Post group companies. The amount due by the company to An Post at 31 December 2018 was €257,357 (2017: €247,021).

The Company entered into a contract dated 27 July 2010 with FEXCO. The contract provides for certain aspects of the administration of the Prize Bond Scheme to be carried out by FEXCO until 31 December 2019, unless terminated sooner under clause 3 of the contract. In accordance with the terms of the contract, FEXCO earned total fees of €6,074,641 (2017: €5,853,480) during the year for the provision of administration services. The amount due by the Company to FEXCO at 31 December 2018 was €541,872 (2017: €503,367).

The company held a bond worth €4,004,544 (2017: €4,004,544) on deposit with the NTMA. No interest was earned on the bond in the current year (2017: €Nil).

#### 5. Taxation on profit on ordinary activities

##### a) Recognised in profit or loss

	2018	2017
	€	€
Income tax for the financial year	-	-
	<u>          </u>	<u>          </u>

##### (b) Reconciliation of effective tax rate

	2018	2017
	€	€
Loss before tax	-	-
Current tax rate of 12.5% (2017: 12.5%)	-	-
<i>Effect of:</i>		
Interest income taxed at higher rates	-	-
Expenses not deductible for tax purposes	-	-
<b>Total tax for the year</b>	<u>          </u>	<u>          </u>

A deferred tax asset of €6,091 (2017:€6,091) has not been recognized on the basis the directors do not believe there will be sufficient taxable profits in order to utilise this.

# Notes forming part of the Financial Statements (continued) for the year ended 31 December, 2018

17

## 6. Trade and other receivables

	2018	2017
	€	€
Amount due from the National Treasury Management Agency in respect of contract fees	764,873	735,799
VAT refund receivable	-	33,648
Other receivables	416,154	-
	<u>1,181,027</u>	<u>769,447</u>

Amounts due from NTMA are interest free and payable on demand.

## 7. Trade and other payables

	2018	2017
	€	€
Amount due to the National Treasury Management Agency	8,689,586	6,687,239
An Post	257,357	247,021
FEXCO	541,872	503,367
Prize winners	4,132,741	4,164,963
VAT	114,916	-
Creditors and accruals	6,771,859	6,296,932
	<u>20,508,331</u>	<u>17,899,522</u>

Amounts due to the NTMA and related parties are interest free and payable on demand.

The Creditors and Accruals figure above includes outstanding cheques of €4.3m (2017 €4.5m) which are over six months old.

## 8. Share capital

	2018	2017
	€	€
Authorised, allotted, called up and fully paid 100 Ordinary Shares of €1.25 each	<u>125</u>	<u>125</u>

On 30 December 2002, the Ordinary Share Capital of the company was renominialised from €1.269738 per share to €1.25 per share. A capital conversion reserve fund of €2 was created to account for the difference arising from this change.

## 9. Capital commitments

There were no capital commitments at the end of the reporting period (2017: €Nil).

## 10. Contingencies

There were no material contingent liabilities at the end of the reporting period (2017: €Nil).

**11. Group membership and controlling parties**

The issued share capital of the company is held 50% each by An Post and FEXCO. The consolidated financial statements of FEXCO and An Post are available to the public from The Companies Office, Parnell House, 14 Parnell Square, Dublin 1.

**12. Subsequent events**

There were no events between the balance sheet date and the date these financial statements were approved that would require either adjustment to, or disclosure in, these financial statements.

**13. Board approval**

The financial statements were approved by the Board of Directors on 28th February 2019.

## Supplementary Information

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Not covered by Independent Auditors' Report



### 1. Prize Fund and structure

The Prize Fund is determined by calculating interest on the eligible fund at a rate determined by the National Treasury Management Agency. The rate has remained unchanged at 0.50% since August 2017. The number of prizes awarded each week depends on the size of the total Prize Fund. The following were the total number of prizes awarded in 2018.

<i>Number</i>	<i>Value</i> €
2*	1,000,000
50	50,000
520	1,000
520	500
223,382	50
224,474	

\* From August 2017 the Jackpot Prize of €1,000,000 is awarded twice a year, in the last draw at the end of June and the end of December. In each other week a top prize of €50,000 was awarded.

The total value of prizes awarded in 2018 was €16,449,100 (2017: €21,278,600).

### 2. Drawing of numbers

The numbers drawn in the weekly draws can be viewed at the State Savings Investment Centre located at St. Andrew Street Post Office, Dublin 2 or online at [www.prizebonds.ie](http://www.prizebonds.ie)

Frequency: Every Friday at 12.30pm, subject to change at times such as Easter, Christmas, etc.

### 3. Staff numbers - sub contractors

#### *An Post Head Office, Dublin*

Senior Management	1
Middle Management	1
Operational	7

#### *Fexco operational centre, Killorglin*

Senior Management	1
Middle Management	2
Operational	66

# Operational Statistics (unaudited) for the year ended 31 December, 2018

21

## 4. Statistics

	Sales €000	Repayment €000
Jan	48,605	29,170
Feb	44,911	28,533
Mar	45,574	25,794
Apr	46,512	23,390
May	61,877	26,358
Jun	50,013	24,415
Jul	49,849	29,019
Aug	48,554	30,760
Sep	42,495	27,818
Oct	43,515	32,736
Nov	52,007	32,837
Dec	40,367	17,519
<b>Total</b>	<b>574,279</b>	<b>328,351</b>

## 5. Sales channels

An Post: Visit any Post Office  
By Mail: State Savings, GPO, O'Connell Street Lower, Dublin 1, D01 F5P2.  
By telephone: 1850 30 50 60  
Online: [www.statesavings.ie](http://www.statesavings.ie)

## 6. Prize Bond holdings at 31 December 2018

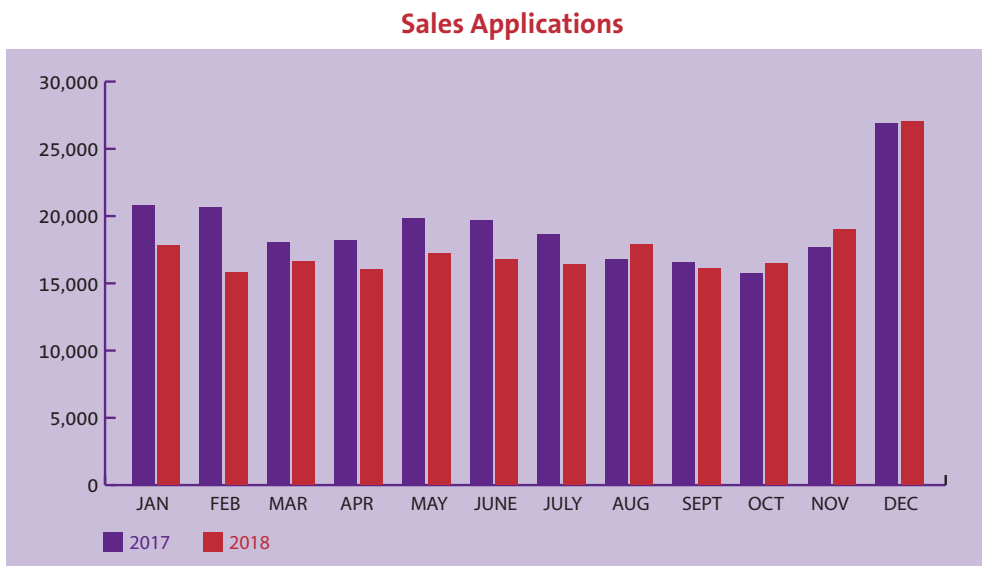
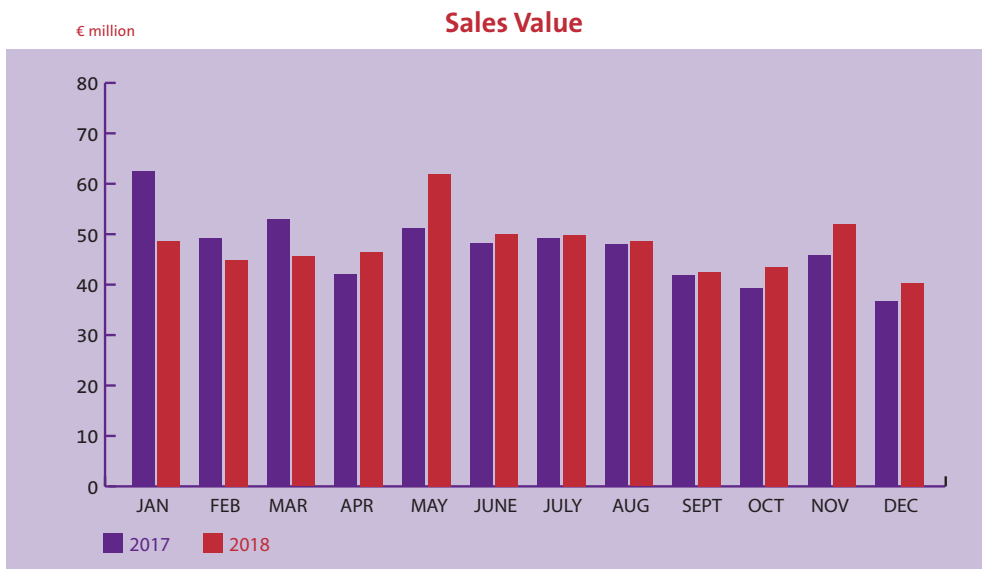
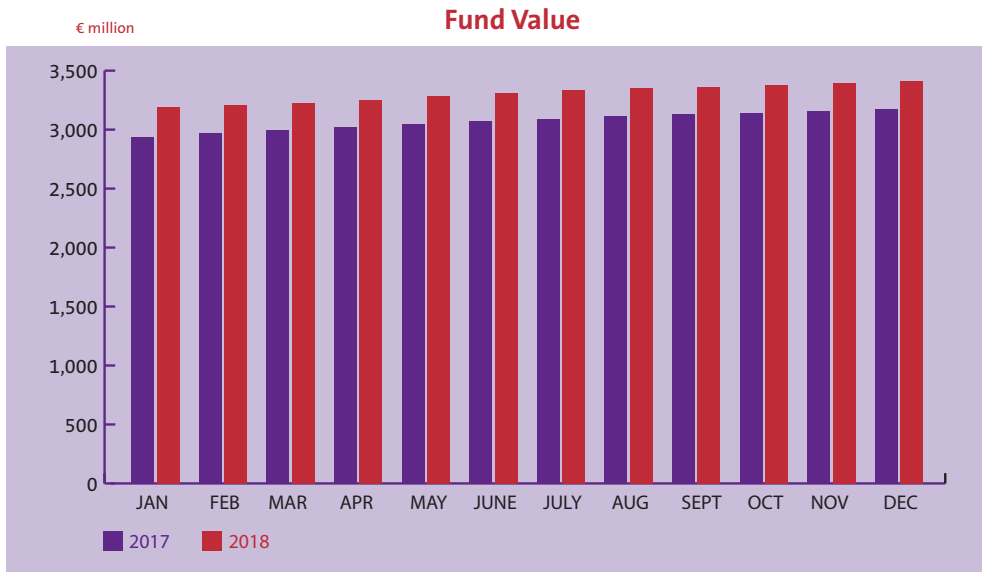
Number of separate	
Prize Bond holdings	7.13 million
Fund value	€3,415 million

# Detailed Profit and Loss Account (Unaudited)

## For the year ended 31 December, 2018

Notes	2018	2018	2017	2017
	€	€	€	€
<b>Income</b>				
Sales/receipts/turnover	<b>10,897,986</b>		10,036,306	
Receipts from Government agencies	-		-	
Other operating income	-		-	
		<b>10,897,986</b>		10,036,306
Trading account items				
Cost of sales		(-)		(-)
		<u><b>10,897,986</b></u>		<u>10,036,306</u>
Gross trading profits		<u><b>10,897,986</b></u>		<u>10,036,306</u>
Expenses/deductions				
Salaries/wages, staff costs		-		-
Sub-contractors		-		-
Legal and professional costs		<b>(16,625)</b>		(15,081)
Printing, postage and stationary costs		-		16,190
Marketing costs		<b>86,998</b>		25,725
External commission costs		<b>(2,398,193)</b>		(2,420,497)
Operational and administration costs		<b>(1,692)</b>		(2,869)
Finance-related costs and net items		<b>(178,216)</b>		(133,064)
External contract fees		<b>(8,390,258)</b>		(7,506,710)
		<u><b>(10,897,986)</b></u>		<u>(10,036,306)</u>
Profit on ordinary activities before taxation		<u><b>-</b></u>		<u>-</u>

# Operational Statistics (unaudited) for the year ended 31 December, 2018







**The Prize Bond Company DAC**

**Company Registered Address**

General Post Office, O'Connell Street Lower, Dublin 1, D01 F5P2.

Tel +353 1 705 7100; Fax +353 1 705 7473.

**StateSavings.ie**