

Financial Statements 2023

Annual Financial Statements for the year ended 31 December 2023

General Information

Registration

The Malta Gaming Authority (hereinafter referred to as the 'Authority') was established by virtue of the Gaming Act, Chapter 583 of the Laws of Malta.

Board of Governors of the Authority

Dr. Ryan C. Pace – Chairperson

Mr. André Psaila (in office from 8 August 2023) – Deputy Chairperson

Ms. Carmen Ciantar (in office until 2 June 2023)

Mr. Roberto Francalanza

Ms. Juliana Scerri Ferrante (in office until 8 August 2023)

Ms. Ruth Trapani Galea Feriol

Mr. Renald Blundell (in office from 8 August 2023)

Dr. Arthur Ellul (in office from 8 August 2023)

Chief Executive Officer

Mr. Charles Mizzi (in office from 26 January 2024)

Dr. Carl Brincat (in office until 25 January 2024)

Secretary of the Board of Governors of the Authority

Mr. Adrian Caruana

Head Office

Malta Gaming Authority, Building SCM 02-03, Level 4
SmartCity Malta, Ricasoli SCM1001, Malta

Auditor

Ernst & Young Malta Limited, Certified Public Accountants
Regional Business Centre
Achille Ferris Street, Msida MSD 1751, Malta

Report of the Board of Governors of the Authority

The Board of Governors of the Authority (hereinafter referred to as the 'Board of the Authority') submit their annual report and the audited financial statements for the year ended 31 December 2023.

Principal activity

The Authority was established by virtue of the Gaming Act, Chapter 583 of the Laws of Malta for the purpose of carrying out the functions defined in the said Act.

Results

The operating revenue including the release of unclaimed player funds generated by the Authority during the year amounted to EUR84,535,972 (2022: EUR82,161,044). After deducting all expenditure the Authority registered a surplus for the year of EUR71,352,987 (2022: EUR70,254,221). The Authority transferred EUR72,481,815 (2022: EUR70,418,264) to the Government of Malta.

Board of the Authority

The members of the Board of the Authority who acted in such position during the year under review are listed on page 94.

Chairperson

In accordance with Article 6(4) and the First Schedule of the Gaming Act, Chapter 583 of the Laws of Malta, the Chairperson and the other members of the Board of the Authority are appointed by the Minister responsible for the gaming sector.

Auditors

Ernst & Young Malta Limited have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the next meeting of the Board of the Authority.

The Report of the Board of Governors of the Authority is signed on their behalf by:

DR. RYAN C. PACE
Chairperson
28 March 2024

MR. ANDRÉ PSAILA
Deputy Chairperson

Independent Auditor's Report to the Board of Governors of the Authority

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Authority, set on pages 98 to 113, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and the Companies Act, Cap. 386 of the Laws of Malta (the "Companies Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board of Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 of the Laws of Malta*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon other than our reporting on other legal and regulatory requirements.

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, 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.

Board of the Authority's Responsibility for the Financial Statements

The Board of the Authority is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Companies Act, 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 Authority'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 Authority 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 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, we exercise professional judgment and maintain professional skepticism 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 Authority'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 Authority'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 our auditor's report. However, future events or conditions may

cause the Company 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 the Board of the Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



The partner in charge of the audit resulting in this independent auditor's report is Shawn Falzon for and on behalf of

Ernst & Young Malta Limited
Certified Public Accountants

28 March 2024

A member firm of Ernst & Young Global Limited.
Registered in Malta No: C30252

Statement of Comprehensive Income for the year ended 31 December 2023

	Notes	2023	2022
		EUR	EUR
Revenue	5	82,007,772	80,167,035
Administrative and other expenses	6	(13,074,959)	(12,568,976)
Operating surplus		68,932,813	67,598,059
Release of unclaimed player funds		2,528,200	1,994,009
Decrease in provision for claims	14	-	790,000
Net finance cost	8	(108,026)	(127,847)
Surplus for the year		71,352,987	70,254,221

The accounting policies and explanatory notes on pages 102 to 113 form an integral part of the financial statements.

Statement of Financial Position as at 31 December 2023

	Notes	2023	2022
		EUR	EUR
ASSETS			
Non-current assets			
Intangible assets	10	61,228	121,533
Property, plant and equipment	11	4,416,900	5,102,256
		4,478,128	5,223,789
Current assets			
Trade and other receivables	12	5,953,123	5,921,942
Cash at bank and in hand	16	10,602,046	13,117,299
		16,555,169	19,039,241
TOTAL ASSETS		21,033,297	24,263,030
EQUITY AND LIABILITIES			
Equity reserve	13	250,000	250,000
Reserve fund	13	2,509,826	3,638,652
Unclaimed Prizes Reserve	13	-	-
		2,759,826	3,888,652
Non-current liabilities			
Provision for claims	14	-	-
Finance lease liabilities	17	2,623,436	3,000,026
		2,623,436	3,000,026

	Notes	2023	2022
		EUR	EUR
Current liabilities			
Trade and other payables	15	15,273,035	17,023,882
Finance lease liabilities	17	377,000	350,470
		15,650,035	17,374,352
Total liabilities		18,273,471	20,374,378
TOTAL EQUITY AND LIABILITIES		21,033,297	24,263,030

The accounting policies and explanatory notes on pages 102 to 113 form an integral part of the financial statements.

The financial statements on pages 98 to 113 have been authorised for issue by the Board of the Authority on 28th March 2024 and were signed on their behalf by:



DR. RYAN C. PACE
Chairperson



MR. ANDRÉ PSAILA
Deputy Chairperson

Statement of Changes In Equity for the year ended 31 December 2023

	Unclaimed Prizes Reserve	Reserve Fund	Equity Reserve	Total
	EUR	EUR	EUR	EUR
At 1 January 2023	-	3,638,652	250,000	3,888,652
Appropriation from statement of comprehensive income	1,423,847	69,929,140	-	71,352,987
Unclaimed prizes transferred in terms of the Gaming Act, Chapter 583 of the Laws of Malta and the applicable regulatory instruments issued thereunder	-	-	-	-
Payments made to/or on behalf of Government in terms of the Gaming Act, Chapter 583 of the Laws of Malta and the applicable regulatory instruments issued thereunder	(1,423,847)	(71,057,966)	-	(72,481,813)
At 31 December 2023	-	2,509,826	250,000	2,759,826
At 1 January 2022	-	3,270,795	250,000	3,520,795
Appropriation from statement of comprehensive income	932,809	69,321,412	-	70,254,221
Unclaimed prizes transferred in terms of the Gaming Act, Chapter 583 of the Laws of Malta and the applicable regulatory instruments issued thereunder	531,900	-	-	531,900
Payments made to/or on behalf of Government in terms of the Gaming Act, Chapter 583 of the Laws of Malta and the applicable regulatory instruments issued thereunder	(1,464,709)	(68,953,555)	-	(70,418,264)
At 31 December 2022	-	3,638,652	250,000	3,888,652

The accounting policies and explanatory notes on pages 102 to 113 form an integral part of the financial statements.

Statement of Cash Flows for the year ended 31 December 2023

	Note	2023	2022
		EUR	EUR
Operating activities			
Surplus for the year		71,352,987	70,254,221
<i>Adjustment to reconcile surplus for the year to net cash flows</i>			
<i>Non-cash:</i>			
Depreciation of property, plant and equipment		421,495	525,234
Amortisation of intangible assets		82,135	197,701
Grant amortisation		(72,000)	(65,204)
Depreciation of right-of-use asset		362,940	362,940
Increase in provision for doubtful debts		349,992	210,059
Decrease in provision for claims		-	(790,000)
Finance income		(7,809)	(8)
Finance lease cost		115,835	127,859
<i>Working capital adjustments:</i>			
Decrease/(Increase) in trade and other receivables		(381,173)	(1,437,276)
(Decrease)/Increase in trade and other payables		(1,678,303)	1,553,167
Net cash flows from operating activities		70,546,099	70,938,693

	Note	2023	2022
		EUR	EUR
Investing activities			
Purchase of property, plant and equipment		(99,076)	(6,580)
Purchase of intangible assets		(21,830)	(5,781)
Interest received		7,809	8
Net cash flows used in investing activities		(113,097)	(12,353)
Financing activities			
Receipts on behalf of Government		-	531,900
Payments made to Government		(72,481,813)	(70,418,264)
Lease payments		(466,442)	(452,855)
Net cash flows used in financing activities		(72,948,255)	(70,339,219)
Net movement in cash and cash equivalents		(2,515,253)	587,121
Cash and cash equivalents at 1 January		13,117,299	12,530,178
Cash and cash equivalents at 31 December	16	10,602,046	13,117,299

The accounting policies and explanatory notes on pages 102 to 113 form an integral part of the financial statements.

Notes to The Financial Statements

1. CORPORATE INFORMATION

The Authority is established by virtue of the Gaming Act, Chapter 583 of the Laws of Malta. The principal activity of the Authority is to govern and supervise the gaming sector in Malta.

2.1 BASIS OF PREPARATION

These financial statements have been prepared on a historical cost basis and are presented in Euro. The financial statements have been prepared on a going concern basis which assumes that the Authority will be able to meet its financial obligations as and when they fall due.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and comply with the Gaming Act, Chapter 583 of the Laws of Malta.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Standards, interpretations and amendments to published standards as endorsed by the EU effective in the current year

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective during the year:

- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021);
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021);
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021);

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021);
- IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020); and
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued on 23 May 2023).

The adoption of these standards did not have significant impact on the financial statements or performance of the Authority. The Authority has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Standards, interpretations and amendments to published standards as adopted by the EU which are not yet effective

As of the approval date of these financial statements, there are new standards,

amendments, and interpretations to existing standards that have been published but are not yet in effect for the current reporting year. The Authority has not early adopted these changes but intends to do so once they become effective. The changes resulting from these standards are not expected to have a material effect on the financial statements of the Authority. The new and amended standards follow:

- Amendments to IAS 1 Presentation of Financial Statements:
 - › Classification of Liabilities as Current or Non-current (issued on 23 January 2020);
 - › Classification of Liabilities as Current or Non-current – Deferral of Effective Date (issued on 15 July 2020); and
 - › Non-current Liabilities with Covenants (issued on 31 October 2022).
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022).

Standards, interpretations and amendments that are not yet endorsed by the EU

As of the approval date of these financial statements, there are new standards, amendments, and interpretations to existing standards that have been published but are not yet in effect for the current reporting year. The Authority has not early adopted these changes but intends to do so once they become effective. The changes resulting from these standards are not expected to have a material effect on the financial statements of the Authority. The new and amended standards follow:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023); and
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023).

3. SUMMARY OF ACCOUNTING POLICIES

The material accounting policies used in the preparation of these financial statements are set out below:

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable for licenses, compliance contribution and levies and application fees in the normal course of business. All revenue is recognised on the accrual basis. The following specific recognition criteria must also be met before revenue is recognised:

Licences

Revenue is recognised when the licence becomes due. It is accounted for on a straight-line basis over the term of the licence.

Application fees

Revenue is recognised upon receiving the consideration together with a valid application form.

Compliance contribution and levies

Depending on the type of licence, revenue from compliance contribution and levies is either charged on a fixed fee basis or is based on a percentage of the regulated companies' reported gross gaming revenue, up to a capped amount for remote gaming companies.

Penalties and other fees

Penalties and other fees represent enforcement penalties imposed by the Authority. Penalties and other fees are accounted for on an accrual basis and are recognised when realisation is probable, and the amount can be measured reliably.

Interest income

Interest income is recognised as the interest accrues, unless collectability is in doubt.

Trade and other receivables

Trade receivables are recognised and carried at original amount due less an allowance for any uncollectible amounts. An estimate for impairment is made when collection of the full amount is no longer probable. Impaired debts are derecognised when they are assessed as uncollectible.

Amounts due from related parties are recognised and carried at cost.

Impairment of financial assets

The Authority recognises an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows

due in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Authority applies a simplified approach in calculating ECLs. Therefore, the Authority does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Authority has established a provision matrix that is based on its historical credit loss experience, adjusted

for forward-looking factors specific to the debtors and the economic environment.

Cash and cash equivalents

Cash in hand and at banks and term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash in hand and deposits at banks, net of overdrawn bank balances.

Grant

Grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Authority.

Amounts due to related parties are carried at cost.

Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets is recognised in the statement of comprehensive income. Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	%
Computer software	25

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and/or accumulated impairment losses, if any. Depreciation is calculated to write off the cost of the property, plant and equipment on a straight-line basis over their expected useful life as follows:

	%
Leasehold improvements	6.67
Furniture and fittings	10 – 16.67
Office equipment	16.67 – 25
Motor vehicles	20
Computer equipment	25

Gains and losses arising on de-recognition upon disposal of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Leases

The Authority assesses at contract inception whether a contract is, or contains, a lease. That is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Authority applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Authority recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

Right-of-use assets

The Authority recognises right-of-use assets at the commencement date of the lease (i.e. the date the available asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities following any modification of the underlying lease. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Authority recognises lease liabilities at the present value of future lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include payments of penalties for terminating the lease if the lease term reflects the Authority exercising the option to terminate.

In calculating the present value of lease payments, the Authority uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of any options related to the lease.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing the financial statements, the Board of the Authority is required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted in the period the change becomes known.

Provisions for claims and contingent liabilities

Claims have been made against the Authority by third parties. Judgement is required to determine whether these claims will require an outflow of resources and whether these could be reliably estimated. The Authority quantifies the claims based on the damages and determines the probability of the outflow based on the advice provided by the legal counsel.

Where the Authority believes that the claims would probably result in an outflow of resources and can be reliably estimated, a provision is recognised. Where there is a possible obligation, but probably there will not be an outflow of resources, no provision is recognised whilst a contingent liability is disclosed.

In the opinion of the Board of the Authority, the accounting estimates, assumptions and judgements other than those mentioned above, made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised) – ‘Presentation of financial statements’.

5. REVENUE

Revenue comprises the following:

	2023	2022
	EUR	EUR
License fees	8,720,710	9,374,368
Application fees	110,500	209,970
Other revenue	1,488,238	1,276,600
Total Authority fees	10,319,448	10,860,938
Compliance contribution and levies	71,688,325	69,306,097
Total revenue	82,007,772	80,167,035

As at year ended 31 December 2023, the Authority also issued Notices governing administrative penalties amounting to EUR230,400 (2022: EUR49,900) which became or will become due through the issuance of the subsequent and final enforcement measure. The fees generated will be recognized as income once the Authority's position is confirmed.

Number of licences in issue at end of year:

	2023	2022
	No.	No.
Commercial bingo houses	2	3
Casinos	4	4
Gaming parlours	21	28
National lotteries	1	1
Remote online gaming licences	314	347

6. EXPENSES BY NATURE

	2023	2022
	EUR	EUR
Auditor's remuneration	26,550	26,550
Chairperson's emoluments and Board honoraria (note 18)	66,117	59,416
Staff costs (note 7)	7,872,784	7,389,318
General administrative expenses	1,653,089	1,788,168
Professional fees	609,338	472,387
Promotional expenses	526,443	526,837
Depreciation and amortisation on property, plant and equipment and intangible fixed assets (notes 10 and 11)	794,569	1,020,671
Provision for doubtful debts (note 12)	349,992	210,059
Contributions to other entities	1,176,077	1,075,570
Total administrative and other expenses	13,074,959	12,568,976

7. EMPLOYEE INFORMATION

a. Staff costs

The total employment costs were as follows:

	2023	2022
	EUR	EUR
Salaries	7,174,346	6,583,061
Social security costs	451,961	438,365
Fringe benefits	164,170	145,112
	7,790,477	7,166,538
Other related costs	82,307	222,780
	7,872,784	7,389,318

b. Staff numbers

The number of persons employed by the Authority as at 31 December 2023 and 31 December 2022 were as follows:

	2023	2022
	No.	No.
	174	171

8. NET FINANCE COST

	2023	2022
	EUR	EUR
Interest receivable on bank balances	3	8
Other interest receivable	7,806	-
Finance lease cost (Note 17)	(115,835)	(127,855)
	(108,026)	(127,847)

9. TAXATION

No provision for Malta income tax has been made in these financial statements as the Authority's income is exempt from any liability to income tax in terms of article 37 of the Gaming Act Cap. 583 of the Laws of Malta.

10. INTANGIBLE FIXED ASSETS

Intangible fixed assets pertain to software costs of the Authority. The movement in intangible fixed assets is as follows:

	Computer Software
	EUR
Cost	
At 1 January 2022	2,254,710
Additions	5,781
At 31 December 2022	2,260,491
Additions	21,830
At 31 December 2023	2,282,321
Amortisation	
At 1 January 2022	1,941,257
Amortisation for the year	197,701
At 31 December 2022	2,138,958
Amortisation for the year	82,135
At 31 December 2023	2,221,093
Net book value	
At 31 December 2023	61,228
At 31 December 2022	121,533

11. PROPERTY, PLANT AND EQUIPMENT

11.1 Property, plant and equipment owned by the authority

	Leasehold Improvements	Furniture and fittings	Office equipment	Motor vehicles	Computer equipment	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Cost						
At 1 January 2022	3,114,396	1,579,246	546,565	184,728	1,187,313	6,612,248
Additions	-	-	-	-	6,580	6,580
Disposals	-	-	-	-	(3,733)	(3,733)
At 31 December 2022	3,114,396	1,579,246	546,565	184,728	1,190,160	6,615,095
Additions	3,400	-	-	-	95,678	99,078
Disposals	-	-	-	-	(41,423)	(41,423)
At 31 December 2023	3,117,796	1,579,246	546,565	184,728	1,244,415	6,672,750
Depreciation						
At 1 January 2022	1,339,132	1,034,441	534,388	82,053	969,269	3,959,283
Depreciation charge for the year	204,138	134,913	4,890	27,379	153,914	525,234
Release on disposal	-	-	-	-	(3,733)	(3,733)
At 31 December 2022	1,543,270	1,169,354	539,278	109,432	1,119,450	4,480,784
Depreciation charge for the year	204,139	134,417	4,020	27,379	51,539	421,494
Release on disposal	-	-	-	-	(41,423)	(41,423)
At 31 December 2023	1,747,409	1,303,771	543,298	136,811	1,129,566	4,860,855
Net book value						
At 31 December 2023	1,370,387	275,475	3,267	47,917	114,849	1,811,895
At 31 December 2022	1,571,126	409,892	7,287	75,296	70,710	2,134,311

11.2 Right-of-use asset – Leasehold property

	2023	2022
	EUR	EUR
Cost at 1 January and 31 December	4,455,407	4,455,407
Depreciation for the year	362,940	362,940
Accumulated depreciation at 31 December	1,850,402	1,487,462
Net book value at 31 December	2,605,005	2,967,945

12. TRADE AND OTHER receivables

	2023	2022
	EUR	EUR
Compliance contribution, levies and licences receivable and accrued income (note i, ii, iii)	5,403,380	5,588,953
Prepaid expenses	377,606	160,852
Deposits and other receivables	172,137	172,137
	5,953,123	5,921,942

- (i) At 31 December 2023, Compliance Contribution, Levies and Licences receivable at nominal value of EUR3,594,149 (2022: EUR3,244,157) were impaired and fully provided for.

Provision for doubtful debts	2023	2022
	EUR	EUR
Opening balance	3,244,157	3,034,098
Increase in provision for doubtful debts	349,992	210,059
Closing balance	3,594,149	3,244,157

- (ii) As at the balance sheet date, the ageing analysis of Compliance Contribution, Levies and Licences receivable is as follows:

	Total	Neither past due nor impaired	Past due			
			<30 days	31-60 days	61-90 days	>90 days
	EUR	EUR	EUR	EUR	EUR	EUR
2023	5,403,380	4,989,907	152,692	23,973	1,410	235,398
2022	5,588,953	4,841,429	97,381	46,690	30,400	573,053

- (iii) Accrued income included with Compliance Contribution, Levies and Licences receivable comprise of compliance contribution payable to the Authority for which no request for payment has been issued yet.

13. RESERVES

a. Equity reserve

Funds for the creation of the Reserve have been retained from the gaming taxes collected. This was transferred to Equity reserve with approval of the Ministry of Finance.

b. Reserve fund

The Reserve Fund represents accumulated excess of revenue over expenditure.

c. Unclaimed prizes reserve

The National Lottery Licensee is to pay funds standing in its unclaimed prizes reserve to the Authority. The Authority shall appropriate such funds in accordance with the Gaming Act (Chapter 583 of the Laws of Malta) and any other applicable regulatory instrument issued thereunder.

14. PROVISION FOR CLAIMS AND CONTINGENT LIABILITIES

Provision for claims

During 2014, a gaming operator initiated, court proceedings against the Authority claiming loss of profits from the Authority in the region of EUR790,000. In May 2019, the court case

was decided in favour of the Authority and the gaming operator appealed the decision. In May 2022 the court of appeal confirmed the initial court decision in favour of the Authority. In 2022, the Authority reversed the provision in relation to these claims.

Contingent liabilities

In 2016, an operator had initiated legal proceedings against the Authority disputing new licences issued by the Authority. This case was decided in the Authority's favour in the first instance on 29 September 2022. The operator appealed this judgement and the appeal date has yet to be set by the Court of Appeal. A reliable estimate of a potential claim against the Authority cannot be made. Accordingly, no provision for any liability has been made in these financial statements.

In 2022, a consortium which participated in the Request For Proposals ('RFP') process for the Concession for the Rights of the National Lottery of Malta submitted an appeal before the Civil Court First Hall against the Government of Malta, including the Authority, in respect of the awarding of the Concession to the competitor company within the RFP process. The plaintiffs requested damages from the defendants, including the Authority, which if granted, could be substantial. The

plaintiff officially ceded the case in December 2023. Thus, it is no longer considered a potential liability for the Authority.

Up to the date of the authorisation of these financial statements, there were no other material claims made against the Authority that are expected to lead to a possible obligation.

15. TRADE AND OTHER PAYABLES

	2023	2022
	EUR	EUR
Unclaimed player funds (note i)	8,647,892	9,932,462
Deferred income	4,075,737	4,291,446
Advances received from operators	996,115	898,053
Trade and other payables	648,610	902,489
Accruals	904,681	999,432
	15,273,035	17,023,882

- i. Balance includes unclaimed player funds and dormant accounts from Remote Gaming operators which are passed on to the Authority by the licensee when no transactions have been recorded on players' account for more than thirty months or upon surrender of licence by the operator.

16. CASH AND CASH EQUIVALENTS

Cash and short-term deposits consist of cash in hand and balance with banks. Cash and cash equivalents included in the statement of cash flows reconcile to the statement of financial position amounts as follows:

	2023	2022
	EUR	EUR
Cash at bank and in hand	10,602,046	13,117,299

17. FINANCE LEASE LIABILITIES

	2023	2022
	EUR	EUR
<i>Current</i>		
Finance lease liabilities (i)	377,000	350,470
<i>Non-current</i>		
Finance lease liabilities (i)	2,623,436	3,000,026

(i) Finance lease liabilities bear interest at the rate of 3.6% per annum

18. RELATED PARTY DISCLOSURES

		Total transactions with related parties	Amounts owed to related parties at year end	
Related party	Year	EUR	EUR	Type of transaction
Government of Malta – The Treasury	2023	72,481,813	–	Payments made to government
Government of Malta – The Treasury	2022	70,418,264	–	Payments made to government

Key management personnel

The Chairperson and the Board of the Authority are considered to be key management personnel. Included in 'Administrative and other expenses' (note 6) are salaries paid to the Chairperson and the Board of the Authority amounting to EUR66,117 (2022: EUR59,416).

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

At the year end, the Authority's main financial assets on the statement of financial position comprise trade and other receivables, and cash at bank and in hand. At the year end, there were no financial assets off the statement of financial position.

At the year end, the Authority's main financial liabilities on the statement of financial position consisted of amounts due to government, other payables, accruals and deferred income.

Contractual maturity profile of financial liabilities

The presentation of the financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise. The maturity profile of the financial liabilities of the Authority as at year end is as disclosed in note 15 and 17.

Credit risk

The Authority trades only with licensed, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to impaired debts is not significant. Carrying amounts for trade receivables are stated net of any impairment provisions, when necessary, which are prudently made against debts in respect of which management reasonably believes that recoverability is doubtful. Credit risk with respect to debts is limited due to the number of licensees comprising the Authority's debtors' base. The Authority's cash at bank is placed with quality financial institutions. The Authority has no significant concentration of credit risk.

Liquidity risk

Liquidity risk is the risk the Authority will not be able to meet its financial obligations as they fall due. The Authority'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 or stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

Fair values

The carrying amounts of cash at bank and in hand, trade receivables, trade payables and accrued expenses approximated their fair values.

Interest rate risk

With the exception of cash and bank balances, the value of the Authority's assets and liabilities are not subject to interest-rate movements.

Administrative and Other Expenses

	31 December 2023		31 December 2022	
	EUR	EUR	EUR	EUR
Salaries & National Insurance	7,872,784		7,389,318	
Training	110,570		165,930	
Other staff costs	25,545		9,524	
Staff and ancillary costs		8,008,899		7,564,772
Chairman's emoluments and Board honoraria	66,117		59,416	
Telecommunications	23,088		30,571	
IT and ancillary costs	737,239		768,950	
Water and electricity	47,767		48,901	
Insurance and licences	83,438		84,111	
Postage, stationery and printing	32,778		26,388	
Office expenses	46,590		36,803	
Motor vehicle running expenses	43,594		46,084	
Bank charges	7,229		9,043	
Cleaning expenses	15,642		16,120	
Subscriptions	216,506		216,958	
Repairs and maintenance	114,595		120,574	
Business development expenses	19,066		21,463	
Overseas travelling	119,022		149,353	
Seminars and conferences	10,577		37,395	

	31 December 2023		31 December 2022	
	EUR	EUR	EUR	EUR
General Administrative expenses		1,583,248		1,672,130
Professional fees	409,538		264,834	
Auditor's remuneration	26,550		26,550	
Due diligence and consultancy fees	147,110		143,696	
Legal fees	52,690		63,857	
Professional fees		635,888		498,937
Promotional expenses		526,286		526,837
Depreciation and amortisation		794,569		1,020,671
Provision for doubtful debts		349,992		210,059
Contributions to other entities		1,176,077		1,075,570
		13,074,959		12,568,976

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