



The Prize Bond Company
Designated Activity Company
Annual Report 2020

Contents

	Page
Corporate Information	1
Chairperson's Statement	2 - 3
Directors' Report	4 - 5
Directors' Responsibilities Statement	6
Independent Auditor's Report	7 - 9
Income Statement	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 - 18
Supplementary information - Operational statistics (unaudited)	19 - 22

Directors

Brian Fay
Anthony Linehan
Alan McGeehan
William Mooney
Adrian Mulvihill
Mary O'Connell
Ivo O'Sullivan
John Rice

Secretary

Ray Flood

Registered Office

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

Operational Centres

Iveragh Road, Killorglin, Co. Kerry, V93 WN9T.
General Post Office, O'Connell Street, 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

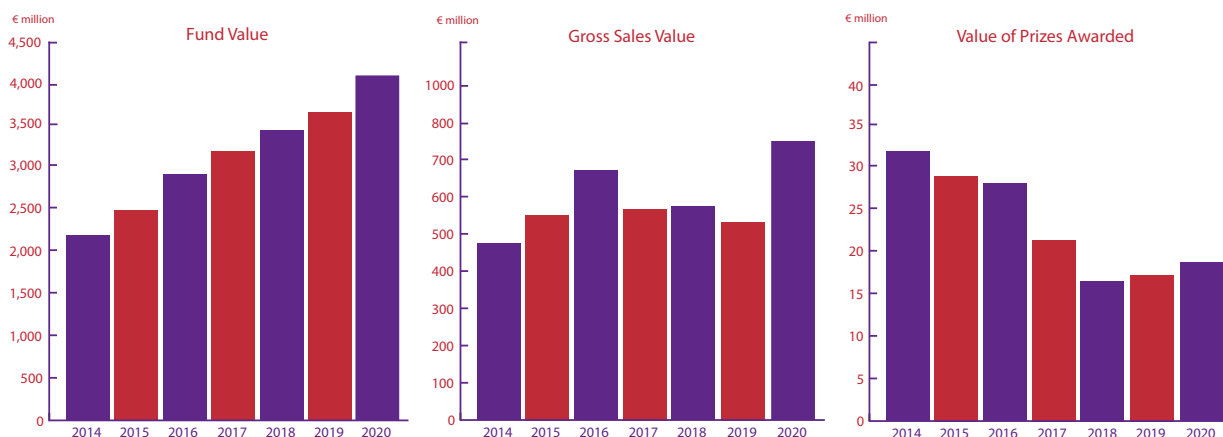
Registration number

144332

I am pleased to report a very positive financial year in 2020, both in respect of sales of Prize Bonds and fund growth. The size of the fund now exceeds €4.1 Billion. These results were in large part due to our customers investing their savings in an attractive and safe savings vehicle. The Covid-19 pandemic saw an increase in savings rates across the Irish market.

The operating performance indicators for 2020 were:

Indicator	Performance	% Change on 2019
Sales	€735.7m	37%
Repayments	€283.1m	(5.2)%
Sales less repayments	€452.6m	90%
Fund value at financial year end	€4,102.5m	12.2%
Value of prizes awarded	€19.2m	9.1%
No. of prizes awarded	280,333	13%
No. of purchases	328,565	47.6%



The fund, the total sum invested in Prize Bonds, grew by 12.2% to over €4.1 billion, reflecting continued customer confidence in the product during the pandemic.

Covid-19

The directors are taking the current situation with the utmost seriousness and are monitoring the impact on the business continuously. The Covid-19 pandemic has two main impacts on the business.

Firstly, the health and safety of the employees of our agents, our client and its customers is paramount. To this end, business operations continued with measures in place to protect personnel and customers. Operations are continuing and plans have been implemented to cover where there may be business interruption and to assist the national effort with respect to social distancing.

Secondly, as a result of the pandemic and our depositors desire to find secure investments, the value invested in the fund has increased significantly during the year while repayments decreased. The net impact was a significant increase in the fund to over €4.1 billion.

Prize Bond weekly draws

The continued growth in the Prize Bonds fund demonstrates customers' interest in 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 2020 we issued over 280,000 prizes to our customers, a 13% increase in the financial year. The monetary value of prizes increased by 9.1% during the financial year.

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.

Interest Rate

From February 2021, the variable rate which determines the Prize Fund for Prize Bonds has been changed to 0.35% from 0.5%. This is the first change since August 2017. The impact of this is that the two €1million prizes per annum are being replaced by 4 €250,000 prizes per annum. In addition, the number of €50 prizes per week reduced from February 2021.

Unclaimed Prizes

At the end of 2020, the number of unclaimed prizes, built up since the launch of the product in 1957, amounted to €2.95 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. 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 2020, we continued our investments of recent years to develop and improve our systems and processes. We simplified our repeat purchase process in 2016 and this has proven very popular with customers. 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 16.7% of our sales are now completed online, up from 11.3% in 2019.

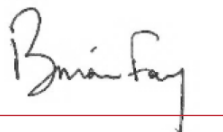
We have worked closely with the NTMA to improve the customer processes. Plans are in place to continue these improvements in 2021, in particular with the introduction of more online services, for example, customers will be able to see their State Savings holdings, including Prize Bonds, online and to undertake more activity with us using their choice of channel. Regular customers buying in Post Offices have also seen improvements in the purchase process in 2020. This is an important development given that over 55% of purchases take place in Post Offices.

Since February 2020, customers who win prizes have the choice of receiving the prize by way of Electronic Fund Transfers directly to their bank account or by re-investment in Prize Bonds. These alternative options are fast and secure payment methods. They also increase efficiency in payments to customers as 'clearing times' and costs associated with cheques do not apply.

Appreciation

I would also like to thank the Board members of the Company and the management and staff of An Post and Fexco for their significant contribution to our performance in 2020.

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



Brian Fay, Chairperson

5th May 2021

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 2020.

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 2021. While at this stage no certainty exists regarding the future of this contract beyond 31 December 2021, as allowed for under the terms of the existing contract, in the event that a new contract is not agreed, the Company would continue to provide services for a period of one year after 31 December 2021, under an extension to the existing contract, to allow for transition to a new service provider. The directors are therefore satisfied that the Company will have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these financial statements.

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

Results for the financial year

The results for the financial year are set out in the income statement on page 10 and in the related notes. The directors do not propose the payment of a dividend for the financial year (2019: €Nil).

Business review

The business review is included in the Chairperson's Statement. As described therein, the performance of the Company in 2020 continued to be positive. Sales remained strong at €735.7m (2019: €537.1m). Contract fees, earned by the Company, increased by 6.2% to €11.2m reflecting the increase in sales. 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

Directors, secretary and their interests

There were five Board meetings held during the financial year. Directors attendance at the meetings for which they were eligible to attend is set out below:

Director	Meetings eligible to attend	Meetings Attended
Brian Fay	5	5
Anthony Linehan	5	5
Alan McGeehan	5	5
William Mooney	5	4
Adrian Mulvihill	5	5
Mary O'Connell	5	5
Ivo O'Sullivan	5	5
John Rice	5	4

The directors and secretary, who held office at 31 December 2020 had no interest in the shares in, or debentures of, the Company or any Group Company.

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.

Impact of Covid-19

The directors recognise that the Covid-19 situation is a significant event. The directors are taking the situation with the utmost seriousness and are monitoring the impact on the business continuously.

The business operations are continuing with measures in place to protect company personnel and customers. Operations are continuing and plans have been implemented to cover where there may be business interruption and to assist the national effort with respect to social distancing.

The trading performance and operations of the company are being monitored carefully. To date, the operations and activity levels are being maintained and the business is adjusting to the ways of working as required.

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.

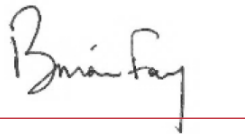
Relevant audit information

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.

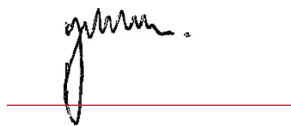
Auditor

The auditor, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, continues in office in accordance with Section 383(2) of the Companies Act 2014.

Approved by the Board and signed on its behalf by:



Brian Fay
Director



Adrian Mulvihill
Director

5th May 2021

The directors are responsible for preparing the directors' report and the 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 as adopted by the European Union ("relevant financial reporting framework"). 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 the 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:

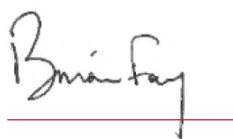
- select suitable accounting policies for the Company Financial Statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the 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 ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited.

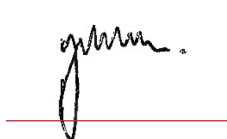
They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



Brian Fay
Director



Adrian Mulvihill
Director

5th May 2021

Independent Auditor's Report

7

to the members of The Prize Bond Company Designated Activity Company

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 financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2020 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.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Reports and Financial Statements. 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.

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.

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.

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.

Use of our report

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.

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

6th May 2021

Income Statement

For the year financial ended 31 December 2020

10

	Note	2020	2019
	€	€	
Revenue	2	11,183,900	10,530,237
Operating expenses	3	(11,183,900)	(10,530,237)
Result before tax		-	-
Income tax	5	-	-
Result for the financial year		-	-

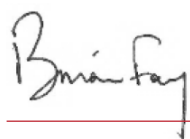
The Company had no gains or losses in the current or the preceding financial years other than those dealt with in the income statement above and on that basis, a statement of other comprehensive income is not presented. The above results for both the current financial year and the previous financial year all result from continuing operations.

Statement of Financial Position

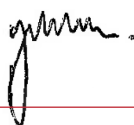
as at 31 December 2020

	Note	2020 €	2019 €
Current Assets			
Trade and other receivables	6	872,226	839,712
Cash and cash equivalents		21,090,087	18,387,349
Current assets		21,962,313	19,227,061
Total assets		21,962,313	19,227,061
Equity			
Share capital	8	125	125
Other reserves	8	2	2
Retained earnings		-	-
Total equity		127	127
Current liabilities			
Trade and other payables	7	21,962,186	19,226,934
Total current liabilities		21,962,186	19,227,061
Total equity and liabilities		21,962,313	19,227,061

The financial statements were approved and authorised for issue by the Board of Directors on 5th May 2021 and signed on its behalf by:



Brian Fay
Director



Adrian Mulvihill
Director

Statement of Changes in Equity

For the financial year ended 31 December 2020

	Share capital	Other reserves	Retained earnings	Total equity
	€	€	€	€
Balance at 1 January 2019	125	2	-	127
Result for the financial year	-	-	-	-
Balance at 1 January 2020	125	2	-	127
Result for the financial year	-	-	-	-
Balance at 31 December 2020	125	2	-	127

Statement of Cash Flows

For the financial year ended 31 December 2020

	Note	2020 €	2019 €
Cash flows from operating activities			
Result for the financial year		-	-
Adjustments for:			
Tax expense		-	-
		<hr/>	<hr/>
		-	-
<i>Changes in:</i>			
Trade and other receivables		(32,514)	341,315
Trade and other payables		2,735,252	(1,281,397)
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		2,702,738	(940,082)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		2,702,738	(940,082)
		<hr/>	<hr/>
Cash and cash equivalents at beginning of the financial year		18,387,349	19,327,431
		<hr/>	<hr/>
Cash and cash equivalents at end of the financial year		21,090,087	18,387,349
		<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. The directors, having assessed the resources of the Company have concluded that the Company has adequate resources to continue in operational existence. On 23 December 2019, the Company entered into a contract with the National Treasury Management Agency for the administration of the Prize Bond Scheme from 1 January 2020 to 31 December 2021 unless terminated sooner under clause 13 of the contract. While at this stage no certainty exists regarding the future of this contract beyond 31 December 2021, as allowed for under the terms of the existing contract, in the event that a new contract is not agreed, the Company would continue to provide services for a period of one year after 31 December 2021, under an extension to the existing contract, to allow for transition to a new service provider. The directors are therefore satisfied that the Company will have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these financial statements.

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

Revenue 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 other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Notes to the Financial Statements (continued) for the financial year ended 31 December 2020

Current tax

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial year and any adjustment to the tax payable or receivable in respect of previous financial 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 in 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.

2. Revenue

	2020 €	2019 €
The analysis of income is as follows:		
Contract and commission fees	11,183,900	10,530,237

All income originated in the Republic of Ireland.

3. Operating expenses

	2020 €	2019 €
The analysis of operating costs is as follows:		
Administrative expenses	11,169,900	10,516,237
Auditor's remuneration	14,000	14,000
Directors' remuneration	-	-
	11,183,900	10,530,237

The average monthly number of persons employed by the Company in the financial year was Nil (2019: Nil). Directors are not remunerated for their role as Directors of the Company.

4. Material contracts and related party disclosures

The Company entered into a contract dated 23 December 2019 with the National Treasury Management Agency. The contract provides for the administration of the Prize Bond Scheme by the Company until 31 December 2021. In the financial year under review, the Company transferred net funds totalling €416,422,869 (2019: €208,744,299) 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 2020 was €10,122,490 (2019, due to NTMA: €6,177,831).

The Company entered into a contract dated 23 December 2019 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 2021. In accordance with the terms of the contract, An Post earned total fees of €4,578,134 (2019: €4,119,601) during the financial year for the provision of administration services. The amount due by the Company to An Post at 31 December 2020 was €321,912 (2019: €283,953).

The Company entered into a contract dated 23 December 2019 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 2021. In accordance with the terms of the contract, Fexco earned total fees of €6,496,127 (2019: €6,300,554) during the financial year for the provision of administration services. The amount due by the Company to Fexco at 31 December 2020 was €556,247 (2019: €566,630).

The Company holds a bond worth €4,004,544 (2019: €4,004,544) on deposit with the NTMA. No interest was earned on the bond in the current financial year (2019: €Nil).

5. Taxation on result on ordinary activities

a) Recognised in the income statement

	2020	2019
	€	€
Income tax for the financial year	-	-
	<u> </u>	<u> </u>

(b) Reconciliation of effective tax rate

	2020	2019
	€	€
Result before tax	-	-
Current tax rate of 12.5% (2019: 12.5%)	-	-
Total tax for the financial year	<u> </u>	<u> </u>

A deferred tax asset of €6,091 (2019: €6,091) has not been recognized on the basis the directors do not believe there will be sufficient taxable profits in order to utilise the asset.

Notes to the Financial Statements (continued) for the financial year ended 31 December 2020

17

6. Trade and other receivables

	2020	2019
	€	€
Amount due from the National Treasury Management Agency		
Agency in respect of contract fees	872,226	810,535
VAT receivable	-	10,884
Other receivables	-	18,293
	872,226	839,712

Amounts due from the National Treasury Management Agency are interest free and receivable on demand.

7. Trade and other payables

	2020	2019
	€	€
Amount due to the National Treasury Management Agency	10,994,716	6,988,366
Amount due to An Post	321,912	283,953
Amount due to Fexco	556,247	566,630
Amount due to Prize winners	4,247,974	4,250,671
VAT payable	964	-
Other creditors	5,840,372	7,137,314
	21,962,185	19,226,934

Amounts due to the National Treasury Management Agency, An Post and Fexco are interest free and payable on demand.

The other creditors figure includes a liability for outstanding cheques amounting to €4.4m (2019 €4.3m). These outstanding cheques are over six months old but are remain liabilities of the Company.

8. Share capital and other reserves

	2020	2019
	€	€
Authorised, allotted, called up and fully paid 100 Ordinary Shares of €1.25 each	125	125

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 financial year (2019: €Nil).

10. Contingencies

There were no material contingent liabilities at the end of the financial year (2019: €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 Registration Office, Gloucester Place Lower, Mountjoy, Dublin 1, D01 C8P4, Republic of Ireland.

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 5th May 2021.

Supplementary Information

(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 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 2020 and 2019.

Prize Value €	Number	
	2020	2019
1,000,000	2*	2*
50,000	50	50
1,000	520	520
500	520	520
50	279,241	247,048
Total	280,333	248,140

** From August 2017 until February 2021, the Jackpot Prize of €1,000,000 was awarded twice in the financial 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 2020 was €19,242,050 (2019: €17,632,400), a 9.1% increase in the financial year.

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

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	4

Fexco operational centre, Killorglin

Senior Management	1
Middle Management	2
Operational	72

Operational Statistics (not covered by independent auditors' report) (continued) for the financial year ended 31 December 2020

21

4. Statistics

	Sales €000	Encashments €000
Jan	52,625	27,421
Feb	45,562	27,196
Mar	94,763	34,225
Apr	52,963	16,718
May	62,655	14,730
Jun	54,189	16,461
Jul	51,955	28,509
Aug	57,633	19,332
Sep	59,486	25,884
Oct	70,017	23,079
Nov	73,827	29,957
Dec	59,995	19,537
Total	735,670	283,049

5. Sales channels

An Post: Visit any Post Office
By Mail: State Savings, GPO, O'Connell Street, Dublin 1
By telephone: 1850 30 50 60
Online: www.statesavings.ie

6. Prize Bond holdings at 31 December 2019

Number of separate	
Prize Bond holdings	7.38m
Fund value	€4,102m

Operational Statistics (not covered by independent auditors' report) (continued)

for the financial year ended 31 December 2020

22

Unaudited Detailed Profit and Loss Account – this does not form part of the statutory financial statements

Notes	2020 €	2020 €	2019 €	2019 €
Income				
Sales/receipts/turnover	11,183,900		10,530,237	
Receipts from Government agencies	-		-	
Other operating income	-		-	
		11,183,900		10,530,237
Trading account items				
Cost of sales		-		-
Gross trading profits		11,183,900		10,530,237
Expenses/deductions				
Salaries/wages, staff costs	-		-	
Sub-contractors	-		-	
Legal and professional costs	(14,000)		(14,000)	
Printing, postage and stationary costs	-		-	
Marketing costs	153,532		94,251	
Commission costs	(2,828,233)		(2,340,253)	
Operational and administration costs	(13,780)		(1,445)	
Finance-related costs and net items	(235,390)		(188,888)	
IT Development Costs	-		-	
External contract fees	(8,246,029)		(8,079,902)	
		(11,183,900)		(10,530,237)
Result on ordinary activities before taxation		-		-



The Prize Bond Company DAC

Company Registered Address

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

Tel +353 1 705 7100

StateSavings.ie