

Camelot UK Lotteries Limited
2019/20 Annual Report & Accounts



CAMELOT



AS THE OPERATOR OF THE NATIONAL LOTTERY, WE ARE A COMPANY LIKE NO OTHER – A COMMERCIAL ORGANISATION THAT RAISES BILLIONS OF POUNDS EVERY YEAR FOR THE PUBLIC GOOD.

Front cover: The Eden Project's iconic biomes, which were transformed into giant, illuminated National Lottery balls to launch The National Lottery's 25th birthday #ThanksToYou campaign.

This page: The Coming Home Centre, Glasgow – one of countless National Lottery-funded projects across the UK which have improved and enriched the lives of veterans after they have returned home from service.

Camelot UK Lotteries Limited
Company Number: 02822203

Since 1994, we have made a winning business of running one of the world's most successful lotteries – with an impressive track record in innovation and long-term responsible growth. And, with three years of successive growth culminating in record sales in 2019/20, The National Lottery, under Camelot's stewardship, is in its best-ever shape.

TV presenter and outdoor enthusiast Helen Skelton led a special expedition of young people from the National Lottery-funded PEEK project in Glasgow to the summit of Ben Nevis to celebrate The National Lottery's 25th birthday.

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Camelot uses a number of non-GAAP measures in addition to those measures reported in accordance with IFRS. These non-GAAP measures are defined in Note 2 to the Financial Statements on page 228.

EXCEEDING EXPECTATIONS



WINNING TOGETHER





ANYTHING BUT ORDINARY

Using Our Past to Build The Future
www.agelessteenagers.com



STRONG TRACK RECORD

A man with a prosthetic leg is sitting on a wooden bench in a locker room. He is looking up and to the right with a determined expression. The room has a concrete wall and a blue carpet. A blue water bottle and a pair of sneakers are on the bench next to him. The text "EVEN MORE TO COME" is overlaid in large white letters.

EVEN MORE
TO COME

ABOUT US

Our overarching objective is to maximise returns to Good Causes through selling National Lottery products in an efficient and socially responsible way. This involves creating, marketing and promoting new games; developing and running The National Lottery’s infrastructure; providing services for players and winners; and working in partnership with over 44,000 retailers. As a private company, we also have responsibilities to our shareholder, Ontario Teachers’ Pension Plan, which has owned Camelot since 2010.



THE NATIONAL LOTTERY FAMILY

As the operator, our role is critical to The National Lottery’s ongoing success. But we couldn’t deliver over £30 million each and every week to Good Causes without working in close partnership with a number of other bodies, each of which plays a key role as part of the National Lottery family:

- **Parliament**, through The National Lottery etc. Act 1993 (as amended), governs the operation and regulation of The National Lottery, and sets out National Lottery policy, including which Good Cause areas will benefit from National Lottery money and the funding levels for each. The Department for Digital, Culture, Media & Sport (DCMS) is the government department responsible for The National Lottery.
- **The Gambling Commission** (formerly the National Lottery Commission) is sponsored by DCMS, and is responsible for licensing and regulating The National Lottery. Its objectives are to preserve the integrity of The National Lottery, protect players and maximise returns to Good Causes.
- **12 National Lottery distribution bodies**, each with specialist knowledge of their sectors, which decide which beneficiaries should receive National Lottery funding. All of the distribution bodies operate at arm’s length from government and Camelot, and follow strict guidelines when deciding which applications for funding will be successful.
- **Over 44,000 retailers throughout the UK**, ranging from small corner shops and newsagents to larger convenience stores and supermarkets. Independent outlets make up the majority of our retail footprint.

THE SINGLE-OPERATOR MODEL

Many countries and states around the world operate a lottery to raise money for good causes or the public good.

The UK, like the vast majority of jurisdictions with a lottery, operates a ‘single-operator’ model, as this has repeatedly been deemed the most efficient way to maximise returns to good causes and society, as well as ensure the consistent protection of players, and the fitness and propriety of operation.

The single-operator lottery model maximises player interest and participation. If there are lots of lotteries operating at a similar scale, the inevitable consequence is that the money players spend on tickets becomes fragmented across all of the different lotteries available.

As a result, instead of one big single jackpot, only smaller jackpots would be on offer. As experience shows, these lower jackpots are not as appealing to players, so fewer tickets would be sold and fewer people would play – resulting in less money being raised for society. We have long maintained that a single lottery offering a jackpot of £10 million will sell more tickets than 10 individual lotteries each offering a jackpot of £1 million.

The single-operator model also helps to minimise operating costs. Having multiple operators would lead to diseconomies of scale, with operating costs being duplicated across providers. In addition, multiple operators would develop very similar products and end up competing for market share by having to make their offerings more appealing by increasing prize payments to players – at the expense of returns to society.

OUR LICENCES

In May 1994, the National Lottery Commission (NLC) awarded Camelot a seven-year licence to run The National Lottery. The first draw-based tickets went on sale on 14 November 1994, with the first draw taking place on 19 November.

In December 2000, we were awarded the second seven-year licence, which started on 27 January 2002 and ended on 31 January 2009.

In August 2007, we were awarded a third licence to operate The National Lottery, which started on 1 February 2009 and was due to run to 2019. However, in March 2012, the licence was extended by four years to 2023, following the NLC’s agreement to our proposal to deliver around £1.7 billion in additional National Lottery funding to society.

The Gambling Commission has now begun the process to award the fourth National Lottery licence, with the formal competition expected to launch in 2020. Having run one of the world’s most successful lotteries for the past 25 years, raising over £41 billion for Good Causes in the process, it’s only natural that Camelot is interested in bidding for the next National Lottery licence.

We have been speaking with the Gambling Commission as part of the market engagement process it has been carrying out ahead of the fourth licence competition. We have also studied the detail of the draft Invitation To Apply that the Commission issued to interested parties and will continue to engage with the Commission with our feedback.

However, as the final details of the structure of the next licence haven’t been published at the time of writing, we are not in a position to confirm whether or not we will submit a bid. In the meantime, our immediate focus is on continuing to build on the sales growth we have achieved over the last three years – and delivering even more for our players and, as you will see in this Report, the millions of people for whom National Lottery funding is so crucial.

TREASURY
FORECAST

£41 BILLION

The total amount that The National Lottery, under Camelot’s operation, has raised for Good Causes to date

60% MORE THAN THE MOST OPTIMISTIC TREASURY FORECAST AT THE TIME OF THE NATIONAL LOTTERY’S LAUNCH IN 1994

OUR LOCATIONS

We employ over 800 staff, the majority of whom work from our head office in Watford, Hertfordshire. Other sites include a prize payout and IT operations centre in Liverpool, a national distribution centre in Northampton and a corporate affairs department in London.





BEST-EVER SHAPE



Sir Hugh at the National Lottery-funded St Fagans National Museum of History during the Board's visit to Cardiff in February 2020.

CHAIRMAN'S STATEMENT

I am delighted to report that, 25 years on from its launch, The National Lottery, under Camelot's stewardship, is in its best-ever shape – with the company growing National Lottery sales for a third successive year to a record level in 2019/20. The company has now grown total National Lottery sales by 53% since the start of the third National Lottery licence in 2009.

The sustained growth that Camelot has achieved over the last three years underlines the effectiveness of the work that Nigel and the team have been carrying out following the in-depth strategic review of its operations that the company conducted in 2017. All of this has only been made possible by the continued support and investment of Camelot's shareholder, Ontario Teachers' Pension Plan (OTPP). Having an owner that fully understands The National Lottery's values, and provides an environment of stability, commitment and continuity, is incredibly important – so my sincere thanks go to them.

In the year ending 31 March 2020, Camelot achieved total annual ticket sales of over £7.9 billion, an increase of almost £700 million on the previous year. As a result, the company grew total returns to Good Causes over the period by almost £200 million to over £1.8 billion.

This impressive performance meant that National Lottery projects and players shared over £6.3 billion during the year, with over £30 million delivered each week for Good Causes – a figure that rises to more than £50 million when including the Lottery Duty that the company generates for the government – and 355 new millionaires created. Most importantly, Camelot continues to return 95% of all sales revenue to winners and society, one of the highest percentages of lottery revenue given back in the world.

The National Lottery has now raised over £41 billion for Good Causes since its launch in 1994 – significantly more than the original government forecast of £1 billion per year – and awarded over £75 billion in prize money, creating more than 5,700 millionaires in the process. In addition, it has delivered £17.5 billion in Lottery Duty to the government over the past 25 years – money that has helped to fund public expenditure across the UK.

Camelot's success in growing returns to Good Causes this year and generating more than £50 million every week for society comes at a time when the UK needs it the most, with the country battling to bring coronavirus under control. I am immensely proud of the critical role that The National Lottery is playing in helping the country respond to, and recover from, the unprecedented challenges and enormous scale of the pandemic.

Through its distribution bodies, The National Lottery is making the UK's biggest non-governmental financial contribution to the national effort to combat the effects of COVID-19. Up to £600 million of National Lottery funding is being directed towards charities and organisations across the UK to help them tackle the impact of coronavirus – and this figure is set to rise as further funding announcements are made.

Thanks to this huge crisis relief package, vital funding – spanning the arts, community and charity, heritage, education, environment and sports sectors – is being distributed to help those most in need during the crisis. Among other things, it is providing essential aid to support the most vulnerable in communities; funding sports initiatives to keep people fit and healthy; safeguarding the country's heritage sites to ensure to ensure they are not lost to the public; and protecting the UK's vibrant arts sector.

“The National Lottery has now raised over £41 billion for Good Causes since its launch in 1994 – over 60% more than the original government forecast of £1 billion per year”

CHAIRMAN'S STATEMENT (CONTINUED)

A quarter of a century on from its launch, The National Lottery, with Camelot as its custodian, has become part of the fabric of UK life and continues to be a nationwide success story. The enormous amount of money that it has raised for Good Causes to date has made an immense difference to the lives of people and communities in all four nations, with more than half a million individual projects having now received National Lottery funding.

As well as contributing to projects that are genuinely world-class – such as our world-famous arts and heritage offerings, and our Olympians and Paralympians – The National Lottery continues to give a real boost to thousands of small, grassroots initiatives that have a hugely beneficial impact at a local level.

The National Lottery's 25th birthday in November provided a fitting opportunity to celebrate these achievements and to recognise the all-important contribution of National Lottery players in this success. Camelot worked closely with the wider National Lottery family to run a wide range of birthday activities across the UK to showcase the truly transformational impact that The National Lottery has had over the past 25 years. It was a marvellous celebration of everything that National Lottery funding makes possible and really brought into focus everything that this national institution stands for.

Having been the single operator of The National Lottery since 1994, Camelot also celebrated its own 25th anniversary in 2019. The company held a summer reception at National Lottery-funded Somerset House in London to celebrate its achievements as operator of The National Lottery and I was delighted to welcome former Prime Minister and 'founding father' of The National Lottery, Sir John Major, to the event to give the keynote speech to the packed audience.

As part of a series of events to celebrate the contribution of The National Lottery to public life in the UK over the past quarter of a century – and Camelot's 25 years as its operator – I hosted a reception in Belfast in October for National Lottery Distributors and beneficiaries, politicians and dignitaries, winners, retail partners and media.

The event, which took place after our Board meeting in the city, gave me the opportunity to highlight the incredibly positive impact that National Lottery funding has had in Northern Ireland and took place at the wonderful SS Nomadic in the city's historic Hamilton Dock, which have received over £3 million in National Lottery funding towards their restoration. And the wider Titanic Quarter, in which the SS Nomadic is berthed, has received over £20 million in National Lottery funding and is one of the world's largest urban waterfront regeneration projects.

After taking the Board 'on the road' for the first time last year with a visit to Edinburgh, I have continued the practice this year as part of the company's commitment to bringing The National Lottery's purpose to life. Holding our Board meetings off-site enables members to gain a greater understanding of the vital role that The National Lottery plays in supporting all parts of society and, through visits to Good Cause projects, the incredible impact that funding makes at a regional level.

Having been to Belfast in October, the Board headed to Cardiff in February for its quarterly meeting, which took place at the National Lottery-funded Principality Stadium. As well as getting to see how Wales's largest-ever National Lottery grant of £46 million has created a truly world-class stadium, members were able to visit St Fagans National Museum of History, which has received £11.5 million in National Lottery funding. Part of National Museums Wales, a family of seven museums that have received £37 million in National Lottery funding between them, St Fagans is a fascinating open-air museum which chronicles the historical lifestyle, culture and architecture of the Welsh people.

The two-day trip also enabled me to attend meetings with key stakeholders at the Welsh Parliament and to host a special reception for the wider National Lottery family at the National Museum Cardiff, which is another member of National Museums Wales and has received £4.9 million from The National Lottery. I was honoured to introduce speeches from Cardiff Lord Mayor Daniel D'Ath and Deputy Culture Minister Lord Dafydd Elis-Thomas AM. Guests included politicians from the Welsh Assembly, the local media, National Lottery retailers, winners, and National Lottery Distributors and beneficiaries.





Sir Hugh (pictured left), with Camelot's Commercial Director Neil Brocklehurst (right), presents Mohammad Sabir (centre), owner of Ryans in Leeds, with a plaque to celebrate his store raising over £450,000 for Good Causes.

CHAIRMAN'S STATEMENT (CONTINUED)

As part of its visit to Wales, the company presented a plaque to a local retailer in Cardiff to celebrate his store's achievement in raising more £245,000 for Good Causes to date. With almost 70% of all sales coming through retail outlets, retailers are Camelot's interface with the public and they play a pivotal role in The National Lottery's success. For many small outlets, so vital to their local communities, the income earned on National Lottery ticket sales is equally crucial to the health of their businesses.

As the Covid-19 crisis has unfolded, the company's retail partners have found themselves under intense pressure. By continuing to keep National Lottery sales going in such difficult circumstances and maintaining the flow of essential funds for Good Causes, they are playing a hugely important role in the country's response to the pandemic. On behalf of the Board, I would like to thank them all for everything they are doing to support Camelot and The National Lottery – it really is greatly appreciated.

In the months in which no formal Board meeting took place, members took part in video conference update sessions. From the end of March 2020, additional weekly update sessions have been taking place to keep Board members informed of the impact of COVID-19 on the company's operations and performance.

The company also strengthened the Board in September 2019 with the appointment of Camelot's Chief Financial Officer Clare Swindell. I am delighted to welcome Clare to the Board, where she joins Nigel Railton as the second Executive Director. Since joining Camelot in May 2017, Clare's wide-ranging operational experience – as well as her extensive knowledge of strategic finance and internal control processes – has added great value to the business. Her appointment acknowledges the vital role that she plays in governance arrangements, which are critical to the Board's remit.

Jo Taylor, Camelot's former Chairman who remained on the Board following my appointment in June 2018, stepped down from the Board in December 2019 prior to taking up the post of President and Chief Executive Officer of OTPP on 1 January 2020. Jane Rowe, Executive Managing Director and head of OTPP's Equities department, remains on the Board and ensures that there is an effective two-way channel of communication between the company and its shareholder. I would like to thank Jo for his support and guidance, as well as his significant contribution during his time with Camelot.

In the coming year, Camelot will continue to fulfil its commitment to selling tickets in a socially responsible way – an ethos that has always underpinned the way in which it wants to do business and which has helped to support its sustained sales growth over the course of this National Lottery licence. Camelot's strategy has always been to encourage lots of people to play but individually to spend small amounts. I am therefore very proud of the fact that, with around 60% of UK adults playing its games, The National Lottery is ranked just 59th in the world in terms of per capita spend, despite being the fifth largest lottery in the world by sales. This underlines the effectiveness of the company's approach in this area.

Even though the inherent risk of unhealthy play associated with National Lottery products remains very low, Camelot recognises that, because of The National Lottery's scale and reach, it must continue to do everything it can to encourage and support healthy play wherever possible. The company is committed to operating to the highest possible standards, and will therefore be looking to build on the work it carried out across its retail and online channels during the year to ensure that its player protection activities remain best-in-class.

Over the course of the year, I had the opportunity to join Nigel in meeting the Lotteries Minister and Secretary of State – and I was heartened by their commitment to The National Lottery's purpose.

CHAIRMAN’S STATEMENT (CONTINUED)

Camelot will continue to work with government in the year ahead for an appropriate policy and regulatory environment that recognises the distinctiveness of The National Lottery and its unique purpose, as it continues to come under intensifying pressure from both the gambling sector and ‘synthetic’ national lotteries – society lotteries that operate on a national scale and compete directly with The National Lottery, contrary to the original intention of Parliament. The growing competition from both quarters that the company is now facing poses a very real threat to the long-term health of The National Lottery, and puts its future returns to Good Causes, society and the Exchequer in jeopardy.

As always, Camelot continues to fully support the outstanding work that traditional society lotteries – those smaller lotteries set up to raise funds for local causes – are doing. However, it is clear that the rapid growth of synthetic national lotteries in recent years is eroding the ‘single operator’ model on which The National Lottery is based. This model has repeatedly been deemed the most efficient way to deliver optimal returns to society, as it maximises the number of players and minimises operating costs, while ensuring both the consistent protection of players and the fitness and propriety of operation. And it is this model that has helped to maintain a clear distinction between The National Lottery and society lotteries – a key factor in The National Lottery’s success story over the past 25 years.

The company was therefore disappointed by the government’s decision during the year to increase the current sales and prize limits for society lotteries. The increases, which will take effect in July 2020, will enable synthetic national lotteries to offer top prizes similar to existing National Lottery games and potentially allow them to spend even more on marketing than they already do.

These operators already benefit from significant advantages over The National Lottery. Unlike Camelot, which has to pay 12% Lottery Duty on gross ticket sales to government and is restricted under its licence in terms of how much it can spend on marketing, they enjoy lighter regulation, are exempt from paying tax on ticket sales and are free to spend significantly more on promoting their products. The forthcoming changes will only

add to these advantages – and make it even easier for synthetic national lotteries to compete more directly with The National Lottery.

Alongside this increasing competition, the uncertainty caused by COVID-19, ongoing doubts about the outlook for the economy and the expected formal start of the competition for the fourth National Lottery licence mean that it will be a challenging year for Camelot as it looks to build on its sales growth over the past three years.

While there is more work for Camelot to do to sustain its sales momentum and deliver even more money for Good Causes, the foundations that Nigel and his team have laid following the strategic review three years ago – together with the speed at which the company has been able to adapt to the current circumstances – have put it in excellent shape to rise to these challenges.

Even though the company may be operating in a world that looks drastically different from the one it was operating in just a short while ago, its focus on continuing to run The National Lottery as safely and responsibly as it can has not changed. Everybody at Camelot is absolutely determined to ensure that The National Lottery is in the best possible health to continue delivering vital returns for society – funds that have never been more crucial than they are now.

On behalf of the Board, I would like to thank Nigel, his management team and all of Camelot’s employees – not just for their part in the company’s record performance in 2019/20, but for the outstanding work they are currently doing under very challenging circumstances. I look forward to working with them, as well as my Board colleagues, in the coming year to ensure that The National Lottery continues to make a hugely positive difference to life in the UK.



Sir Hugh Robertson KCMG PC DL
Chairman

25 June 2020

£17.5
Billion



The amount we have delivered in Lottery Duty to government
over the past 25 years – money that has helped to fund
public expenditure across the UK

CAMELOT



CHIEF EXECUTIVE OFFICER’S REVIEW

It has been a truly remarkable year for Camelot and The National Lottery.

It was a year that marked The National Lottery’s 25th birthday. It was a landmark moment to celebrate the extraordinary impact that The National Lottery has had – and continues to have – on the UK. And it was an opportunity to say thank you to everyone involved in helping us to raise over £41 billion for Good Causes since the first draw took place in 1994 – 60% more than the most optimistic government forecast at the time of The National Lottery’s launch.

It was a year in which we closed The National Lottery’s 25th year with record sales figures – and our third straight year of sales growth. Over the course of the third National Lottery licence, we’ve now grown total sales by a phenomenal 53%.

Following the wide-ranging strategic review that we carried out in 2017, we’ve put in a lot of groundwork to get us to where we are today – and that work is paying off, and delivering for National Lottery players and Good Causes. With growth across all areas of the business, The National Lottery, under Camelot’s stewardship, really is in its best-ever shape.

And it was a year that ended with the world we live in looking completely different from the one we were living in just a few months ago. Everyday life, including our working lives, has changed drastically – and I don’t think that there’s any one person that coronavirus hasn’t affected.

The implications of the global pandemic, and ensuing lockdowns, have thrown up many new challenges for businesses – and that hasn’t been any different for Camelot. We’ve had to move quickly and adapt to an ever-changing situation, while continuing to meet our licence and integrity obligations.

And the measures that we’ve implemented from the outset have enabled us to continue running The National Lottery as safely and responsibly as we can, because we know the importance of the work it does in raising more than £50 million every week for society – money that is absolutely vital in the current circumstances.

A quarter of a century on from The National Lottery’s launch, we grew total National Lottery ticket sales for the third successive year – and to a record level. Total sales for the 2019/20 financial year (1 April 2019 to 31 March 2020) reached an all-time high of £7,905.1 million – an increase of £698.3 million on the previous year.

As a result, we generated £1,853.1 million for Good Causes over the period – £198.4 million more than in 2018/19. This is a significant boost to Good Causes and comes at a time when the UK needs it the most, with National Lottery Distributors continuing to fund vital work across the UK.

This has seen up to £600 million of National Lottery funding being directed towards UK charities and organisations to help tackle the impact of coronavirus – making The National Lottery’s response the UK’s biggest financial contribution to the national effort to combat the effects of COVID-19 outside of government.

Thanks to National Lottery players, hundreds of millions of pounds in vital funding is being distributed to support those most in need. Among other things, it is providing aid for communities – including meal delivery services for the elderly, food banks, and projects that help overcome loneliness and isolation. It is being used for sports initiatives to keep people fit and healthy. And it is assisting thousands of other projects that do invaluable work but are in desperate need of funding at this challenging time. Anyone who has bought a National Lottery ticket should feel very proud of their role in making all of this possible.

Gross National Lottery ticket sales:

2019/20	£7,905.1 Million
2018/19	£7,206.8 Million

CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Our record-breaking sales performance over the year means that The National Lottery continues to generate over £30 million week in, week out for Good Causes across the UK. With the amount that we also deliver for the government through Lottery Duty, this rises to more than £50 million a week for society.

This takes the total that The National Lottery has raised to date for Good Causes to over £41 billion. On top of that, it has also delivered £17.5 billion in Lottery Duty for the government over the past 25 years – money that has helped to fund public spending.

National Lottery funding has now been awarded to more than 565,000 individual Good Cause projects, helping to transform the lives of people and communities for the better across the whole of the UK. With an average of more than 200 grants having been made in every postcode district, almost everyone in the UK will have benefited from a National Lottery-funded project at some point over the last 25 years.

Over the course of the year, we awarded £4,505.0 million in prizes to players, £376.5 million more than in the previous year. And we created 355 new National Lottery millionaires and a further 440 winners of over £50,000, including the UK's biggest-ever winner, an anonymous ticket-holder who won a massive EuroMillions jackpot of £170.2 million in October 2019. And, rather fittingly, we saw West Sussex couple Steve and Lenka Thompson win a huge £105.1 million EuroMillions jackpot on 19 November – the 25th anniversary of the very first National Lottery draw.

The National Lottery has now awarded over £75 billion in prize money and created more than 5,700 millionaires or multi-millionaires since its launch. Combined with the Lottery Duty we pay to the government – £948.6 million in 2019/2020 – and the commission earned by our retail partners, we continue to return around 95 pence in every pound of revenue to winners and society – one of the highest percentages of lottery revenue given back in the world.

We succeeded in growing sales across the board in 2019/20, while maintaining our long-standing commitment to selling tickets in a socially responsible way. We've worked really hard and invested heavily to make our player protection activities best-in-class to ensure people continue to play in a healthy, safe and enjoyable way – both in retail and online. And we became the first lottery operator to be awarded Advanced Level 2 of GamCare's Safer Gambling Standard for our online and retail operations.

Our sales growth over the year was driven by record-breaking digital performance and, despite the ongoing challenging retail environment, very strong in-store sales. With record sales of £2,457.5 million in 2019/20, our digital channels now account for over 30% of total National Lottery sales. With over 7.5 million active registered players, national-lottery.co.uk is Europe's largest online lottery in terms of sales and one of the top e-commerce sites in the UK.

Our innovation and investment in The National Lottery's digital channels continued to gather pace during the year and helped us to grow online sales by £624.0 million. This phenomenal growth saw us exceed the £2 billion sales mark for the first time. As part of this, we grew mobile sales by £586.0 million to an all-time high of £1,605.5 million, with sales through smartphones and tablets now accounting for around 65% of all digital sales.

The ongoing enhancements we've been making to The National Lottery's iPhone and Android mobile apps also drove record sales through them, while a brand new look and feel for the National Lottery website and apps has made them more user-friendly and engaging. With lotteries traditionally seen as retail-driven, we are more than bucking the trend.

“ With an average of more than 200 grants having been made in every postcode district, almost everyone in the UK will have benefited from a National Lottery-funded project at some point over the last 25 years”





Following the advent of the COVID-19 outbreak towards the end of the financial year and the subsequent lockdown announced by the government, we've been actively encouraging people to play and check their tickets online or on the National Lottery apps. We've also updated our advertising to include 'Play online or via the app' messaging to deter people from making unnecessary journeys. As a result, we've seen a significant increase in app downloads and traffic to our online channels, as well as new online account registrations.

And, with healthy play being a top priority for us, we've increased the visibility of our range of well-established online account management tools, including our new online budget calculator, to make it even easier for our online players to manage their play at this time.

Accounting for nearly 70% of all sales, retail remains the largest National Lottery sales channel. Despite the ongoing challenging retail environment, we grew in-store sales by £74.3 million to £5,447.6 million in 2019/20 – underlining the effectiveness of all of the work we have been carrying out to support our retail partners.

As a result of this impressive performance, our National Lottery retail partners earned £307.1 million in commission over the period – taking the total commission they've earned since The National Lottery's launch to over £6.8 billion.

In July, we launched a new and improved National Lottery retailer hub for our retail partners. With a host of new features, the site offers an array of information and tools to help retailers get the very most from selling National Lottery products. And we've continued to invest in initiatives – such as our innovative 10-point 'Site, Stock, Sell' incentive programme – to help our retailers improve their display and merchandising.

We've also made good progress in continuing to adapt our market presence to ensure that we better reflect the shifting retail landscape – including running trials in new outlets and making National Lottery tickets available at self-checkouts to take account of the changing ways in which people are shopping. More than 150 Aldi stores are now selling National Lottery products and our trial with Iceland is progressing well. And, having made National Lottery tickets available at self-checkouts in over 550 Asda stores nationwide, we are now in talks with other major supermarkets to do the same.

As we approached the end of the financial year, like many other businesses, we saw some disruption in retail as a result of the unprecedented impact of COVID-19. We've worked closely with our retail partners to give them all the support they need at this critical time.

Getting our response right in retail has been crucial – our 44,000 retailers are the backbone of The National Lottery and, to most players, our public face. As our biggest sales channel, they play a hugely important role in helping us to raise money for Good Causes – funds that are now more essential than ever.

We've remained in constant communication with them throughout the crisis, using a range of channels to provide them with timely updates and important information, including regular guidance on safe ways to play our games and claim prizes in-store. We've also been encouraging players to only buy tickets in retail or claim prizes if they're already in a store to buy essentials – and to play online instead. And we've been doing everything we can to help those stores that have temporarily stopped selling National Lottery products or have had to close because of the crisis.

CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

By continuing to sell National Lottery tickets alongside essential products, our retail partners are playing a crucial role in the national response to the coronavirus pandemic. I'd like to thank each and every one of them for their continuing hard work and loyalty in these extremely challenging times. I can assure them that, despite the ongoing uncertainty as we head into the new financial year, we remain fully committed to supporting them in every way we can.

As a result of the improvements we've made to ensure that we offer players a range of compelling and distinct games, we grew total sales of draw-based games in 2019/20 to £4,537.1 million – an increase of £455.3 million on the previous year.

As players continue to experience the benefits of the changes we made to Lotto in November 2018, we succeeded in growing sales of the game last year – making us one of only a few lotteries around the world to be growing its flagship lotto game. The new bigger, fixed cash prizes on offer in the game are proving to be hugely popular, while the new jackpot 'rolldowns' have seen hundreds of thousands of players scoop even bigger prizes in 'Must Be Won' draws.

EuroMillions also had an exceptional year, with a record roll series which, at its height, saw in-store ticket sales peak at just over 200 tickets a second. And The National Lottery's newest game, Set For Life, which has so far created 17 winners of its top prize of £10,000 a month for 30 years, continues to grow in popularity and is exceeding sales expectations.

But offering a balanced and appealing range of games doesn't stop at our draw-based games. We've also continued to make improvements to our range of in-store Scratchcards and online Instant Win Games to give people greater choice and better access to the games they want to play. As a result, we grew sales of our Instant games by £243.0 million to an all-time high of £3,368.0 million in 2019/20.

Aside from our games, we've continued our work to reinvigorate The National Lottery brand to make it more relevant and visible – and I'm pleased to report that we've made outstanding progress during the year in better connecting The National Lottery's unique purpose with play.

As a result of improved collaborative working with the National Lottery Distributors, we've been able to very quickly turn around advertising to support The National Lottery's £600 million response to the COVID-19 crisis, which used user-generated content from a wide range of beneficiaries across the UK thanking players for their enormous contribution during this difficult time.

And working closely with the wider National Lottery family, we've been able to really super-charge initiatives that raise awareness of the extraordinary good that The National Lottery does thanks to its players. Leading the way on this front was the eight-week campaign that we collectively ran to celebrate The National Lottery's 25th birthday.

Featuring a huge range of projects that have received National Lottery grants over the years and well-known National Lottery-funded landmarks, the initiative saw a huge range of free events and activities taking place across the UK to showcase the remarkable impact that The National Lottery has had to date on the UK.

From the transformation of British sport and the funding of top scientific attractions to the preservation of natural habitats and the bringing together of communities, the campaign was a fantastic celebration of all of the amazing things that have been made possible thanks to National Lottery players over the last 25 years.

Having been the single operator of The National Lottery for a quarter of century, the milestone was extra special to everyone at Camelot – especially for those colleagues who have been here since day one. We celebrated our own 25th anniversary with a summer reception at National Lottery-funded Somerset House in London.



Some 270 guests – including Good Cause projects and beneficiaries, winners, parliamentarians, regulators, sports stars and the media – gathered to celebrate The National Lottery's success story, and heard a keynote speech from former Prime Minister and 'founding father' of The National Lottery, Sir John Major.

I continue to believe that it's hugely important to understand what The National Lottery means to people in different regions of the UK. Over the course of the year, senior colleagues and I therefore continued to travel throughout the country to experience The National Lottery's impact first-hand and to learn how it is benefiting people in different areas.

As part of this outreach programme, we've visited Good Cause projects in Cardiff, Belfast, Manchester, Brighton and the Midlands. From museums and boxing clubs to learning disability advocacy groups and dragon boat teams for people affected by breast cancer, each project has its own story to tell about the incredible difference that National Lottery funding has made to their work and how it is benefiting users of their services.

The visits also gave us an opportunity to visit some of our retail partners. As the people on the front line selling our products, they are crucial to our success – so it's important to hear their views about what they think we do well and where they believe we can improve. In recognition of their individual success in raising significant sums for Good Causes, we awarded plaques to those retailers we visited – just some of over 3,000 plaques in total that we have awarded to mark The National Lottery's 25th birthday in retail.

Getting out and about also enabled us to meet key political and policy stakeholders across the UK, as well as the editors of leading regional news titles – organisations that know their local area better than anyone else and understand the difference that National Lottery funding makes to the local community.

CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

As in previous years, The National Lottery continues to face increasing pressure from the gambling sector and from 'synthetic' national lotteries – society lotteries that operate on a national scale and compete directly with The National Lottery, contrary to the original intention of Parliament. The National Lottery's huge success over the past 25 years has, in part, been because of the clear distinction between it and society lotteries. However, the rapid growth in recent years of synthetic national lotteries has blurred the boundaries.

We were therefore concerned at proposals to increase the current sales and prize limits for society lotteries, which would enable these synthetic national lotteries to offer top prizes similar to existing National Lottery games and potentially allow them to spend even more on marketing than they already do. These operators already benefit from significant advantages over The National Lottery – they don't pay Lottery Duty to the government and they enjoy lighter regulation, which enables them to spend disproportionate amounts on marketing.

We responded to the Gambling Commission's consultation on the proposals, calling for the existing limits to be maintained to protect The National Lottery from further damaging encroachment and the reintroduction of a cap on expenses to ensure that marketing spend stays at an appropriate level. We were therefore very disappointed by the decision earlier this year to increase the limits, albeit at a lower level than the society lotteries sector wanted, and the lack of decisive action on curbing expenses.

Allowing society lottery operators to now offer similar top prizes to existing National Lottery games and to spend even more on their marketing will make it even easier for them to compete more directly with The National Lottery – and so jeopardise future returns to Good Causes and society. We will therefore continue to work with government for a policy and regulatory environment that supports the long-term health of The National Lottery.

With our licence to operate The National Lottery coming up for renewal in 2023, we've been in regular contact with the Gambling Commission as part of the market engagement process it has been carrying out ahead of the fourth licence competition. We have also studied the detail of the draft Invitation To Apply that it issued to interested parties, and will continue to engage with the Commission with our feedback.

Having run one of the world's most successful lotteries for the past 25 years, raising over £41 billion for Good Causes in the process, it's only natural that Camelot is interested in bidding for the next National Lottery licence. However, as the final details of the structure of the next licence haven't been published at the time of writing, there's still a lot that needs to happen before we're in a position to confirm whether or not we'll submit a bid.

As we enter the new financial year with the country still battling to overcome COVID-19, just like countless other businesses, we find ourselves in a very different place to where we expected to be. While it's too early to say with certainty what the medium to longer-term effect of the coronavirus outbreak will be on our overall sales, thanks to a combination of the solid foundations we've put in place over the last three years and the speed at which we've been able to react to the developing situation, our sales are currently proving resilient. That's not to say that there is no impact, but the business is adapting and continuing to adjust well. On this front, we're continuing to keep the government and our partners at the National Lottery Distributors updated on a weekly basis.

With National Lottery funding never being more vital than it is now, we remain completely focused on continuing to run The National Lottery as safely and responsibly as we can. With Good Causes front of mind, we'll be looking to build on the sales growth that we've achieved over the last three years while maintaining operational resilience and flexibility. This approach will ensure that we continue to be responsive to a changing environment, and are doing all that we can to look after our players, our retail partners and Good Causes.

With the ongoing uncertainty, the coming year will inevitably be challenging. But I'm very confident that we're in great shape to meet those challenges, and that we have the strong track record, creativity and determination required to deliver even more for our players and the millions of people for whom National Lottery funding is so crucial, particularly during these exceptional times.

I would like to extend my sincere thanks to everyone involved in making this a record-breaking year for The National Lottery and for their unwavering support over the last few months in particular. To all of our players, who make an enormous difference just by buying a ticket. To our retail partners, who have kept sales going despite being under great pressure.

To the wider National Lottery family, particularly the National Lottery Distributors, who continue to do a fantastic job at prioritising funding for the people and projects who need it most. To the government and the Gambling Commission, for working with us to keep The National Lottery running and delivering the huge benefits it brings to the UK. And to Camelot's Chairman, Sir Hugh Robertson, as well as my Board colleagues, for their continued guidance and encouragement throughout the year.

Last but not least, a huge thank you must go to my amazing colleagues at Camelot, all of whom have played a key role in our record-breaking performance this year. Given the unprecedented situation that unfolded at the end of the year, I've been hugely impressed at how well they've all worked together under such very difficult circumstances – especially as they've been under pressure to deliver quickly while having to adapt to the drastically changing environment.

Whether they're working remotely at home or coming into our sites to keep business-critical operations going, the work they've been doing – and continue to do – under such trying conditions has been absolutely outstanding. I am genuinely proud of each and every one of them. Everyone at Camelot is fully aware of the important role that they play every single day, and I feel immensely privileged to be part of an institution that makes a real difference.



Nigel Railton
Chief Executive Officer

25 June 2020

“ With National Lottery funding never being more vital than it is now, we remain completely focused on continuing to run The National Lottery as safely and responsibly as we can”

THE NATIONAL LOTTERY'S 25TH BIRTHDAY

On 19 November 2019 The National Lottery celebrated its 25th birthday. It was a landmark moment to celebrate the extraordinary impact that The National Lottery has had to date on the UK, and to say thank you to players for contributing over £30 million to Good Causes every week – and over £41 billion since the first draw took place in 1994. The National Lottery's birthday celebrations ran for an eight-week period from October to December, and featured a huge range of projects that have benefited directly from National Lottery funding. The campaign saw a wide range of free events and activities taking place across the UK to showcase the amazing things that have been made possible thanks to National Lottery players over the last 25 years. Here are just a few of the highlights:

£3,000

of National Lottery funding goes to Good Causes across the UK every minute – that's £50 every single second

To celebrate 25 years of The National Lottery, 19 Camelot employees completed the gruelling nine-day, 980-mile 'Ride Across Britain' cycle challenge from Land's End to John O'Groats – raising thousands of pounds for a range of charities, and stopping at a host of National Lottery-funded projects and retailers along the way.

25

YEARS OF THINKING DIFFERENTLY

Celebrating the extraordinary impact that The National Lottery
has had on the UK over the past 25 years

CAMELOT



UNITED BY NUMBERS: THE NATIONAL LOTTERY AT 25



To mark the start of The National Lottery's 25th birthday celebrations, world-renowned artist, David Mach, unveiled his latest piece of artwork in the most unlikely of places, a Manchester newsagent – Booth & Howarth – which has been selling National Lottery tickets for 25 years.

The piece, *United by Numbers: The National Lottery at 25*, features a mix of 25 famous and lesser-known national treasures – including people, places, projects and icons – that have all been part of extraordinary things made possible by The National Lottery. Spanning the arts, film, heritage, sports and community sectors, they have been brought together in one iconic image to represent The National Lottery's enormous impact on life in the UK over the last 25 years.

They range from the Morecambe Brass Band, one of the first projects to ever receive National Lottery funding back in 1994 and still going strong, to Idris Elba, one of the governors at the National Lottery-funded British Film Institute. And from Tracey Emin, Rio Ferdinand and Baroness Grey-Thompson to Betty Webb, a World War Two code-breaker from Bletchley Park, to name but a few.

The impressive line-up also features against a backdrop of National Lottery-funded venues, including The Kelpies, Jodrell Bank, The Principality Stadium and Giant's Causeway, composed in David Mach's signature style. All of these individuals and places have one thing in common: they have all been positively impacted by The National Lottery over the past 25 years.

An interactive version of the artwork can be accessed at: unitedbynumbers.co.uk



BRINGING COMMUNITIES TOGETHER

In October, TV personality Scarlett Moffatt helped to break a world record when she played host to the largest-ever cream tea party. She joined 1,054 people from across the UK as they sipped and munched their way through approximately 450 litres of tea and 1,500 scones and jars of jam into the Guinness World Records™ Hall of Fame.

The giant party was held to celebrate The National Lottery's 25th birthday, and was designed to bring people and communities together – something that The National Lottery has been doing for a quarter of a century. Over the last 25 years, The National Lottery has been fundamental to community life in the UK, investing £1.1 billion into community centres, village halls, youth clubs and many more spaces that help to bring people together.

Fittingly, the event took place at the iconic Sage Gateshead, a world-class music venue funded by The National Lottery. It saw Scarlett back on her home turf in the North East, where she was joined by a huge range of people intent on beating the previous record of 978 and having some fun.

These included a coach load of over 50 older people from The Senior Centre in Glasgow, which has received over £245,000 in National Lottery funding. They were joined by people from England, Wales and Northern Ireland, along with countless others from community groups and projects that have also received National Lottery funding over the years, to celebrate by sitting down together, talking and making new friends.



“Here in the North East we're known for our community spirit – and we love a party – but what today showed me is that when people get together, great things happen. Everyone here today has a story to tell about the amazing things they and others are doing in their communities with the help of National Lottery funding, and it was an honour to be part of it”

Scarlett Moffatt



SCIENCE AND EDUCATION

In November, world-renowned British ESA astronaut Major Tim Peake revealed 10 top scientific and educational attractions across the UK that have been made possible by funding from The National Lottery.

The list includes just a handful of the 700-plus science projects across the UK that The National Lottery has helped to fund over the past 25 years. More than £596 million of National Lottery funding has been awarded to science-related museums and projects across the UK, including institutions such as the Science Museum in London – home to Soyuz TMA-19M, the capsule which transported Tim and his crew into space and back in 2015 – W5 Science & Discovery Centre in Belfast and the University Museum of Zoology in Cambridge.

From inspiring your inner astronaut at Jodrell Bank Discovery Centre to marvelling at one of Europe's finest art collections at National Museum Cardiff, there's something to fascinate all ages in the list:

Science Museum, London / Jodrell Bank Discovery Centre, Cheshire / Eden Project, Cornwall / Glasgow Science Centre, Glasgow / University Museum of Zoology, Cambridge / Royal Navy Submarine Museum, Portsmouth / Stargazing with Revitalising Redesdale, Northumberland / W5 Science & Discovery Centre, Belfast / Oxford University Museum of Natural History, Oxford / National Museum Cardiff, Cardiff



“ The National Lottery has played a significant part in furthering science and education over the past 25 years and this can be seen in abundance through these attractions... It’s absolutely wonderful that The National Lottery has helped make these experiences possible, which will continue to open the eyes and minds of this generation and the ones to come”

Major Tim Peake



PRESERVING NATURAL HABITATS

Wildlife expert Chris Packham CBE and entrepreneur and SB.TV founder Jamal Edwards MBE came together in November to show how people can do their bit to preserve natural habitats in an increasingly urban world, in a bid to help tackle a growing wildlife crisis which has led to a decline in the UK's biodiversity.

Their action followed the release of 'The State of Nature 2019' report – a health-check on the UK's wildlife compiled using data from a group of 50 conservation organisations. The report highlighted the stark challenge we face with preserving UK wildlife: 41% of species studied have declined since 1970, while 15% of those assessed are currently at risk of extinction and 2% are already extinct.

To help protect and conserve wildlife, The National Lottery has injected £829 million over the past 25 years into 3,500 UK-wide natural heritage conservation projects, including the acquisition of over 72,000 hectares of land to preserve some of our most important open spaces for the future. In addition, over £900 million has been spent on revitalising more than 930 public parks.

However, much more still needs to be done. New research released by The National Lottery showed that more than half of people (56%) want to do more to help wildlife, but nearly a fifth (19%) do not know what they can do to help.

To overcome this, three leading wildlife charities – The Wildlife Trusts, the Woodland Trust and the RSPB – joined forces with The National Lottery to launch 10 tips to help people from all walks of life play their part.

Chris and Jamal put the tips into action with a group of participants at the National Lottery-funded Woodberry Wetlands in Hackney to build 'bug hotels' – simple structures which can shelter hedgehogs, bumblebees, ladybirds and more.



“...this new research shows that, while we want to do more to protect our wildlife, lots of people don't know what practical steps they can take in their daily lives to help. We're here today to show that there are simple things we can all do to help preserve natural habitats, so I'm delighted to join forces with Jamal Edwards and The National Lottery to show how we can all make a difference”

Chris Packham CBE, TV presenter and wildlife expert



CELEBRATING OUR VETERANS

Ahead of Remembrance Day, The National Lottery celebrated the £339 million raised by its players for veterans' charities and projects since the first draw in 1994. The money has helped to fund 28,703 projects helping veterans from across the UK, including counselling support, drop-in centres and free taxi services.

As well as supporting recent leavers to adjust back into civilian life, 19,422 grants totalling £27.4 million have been awarded for commemorative visits, enabling veterans, widows and carers to visit the battlefields where they or their loved ones served.

Through an emotive new film, The National Lottery shone a light on Glasgow's The Coming Home Centre – one of countless projects across the UK which have improved and enriched the lives of veterans after they have returned home from service.

The film was fronted by ex-marine Adam Edwards, who served with the 45 Commando Royal Marines in Afghanistan, where he was shot and wounded. In the film, he describes first-hand the positive impact that National Lottery funding has had on veterans like him and talks about the importance of The Coming Home Centre in his recovery.

The Centre, which has received £90,000 in National Lottery funding over the last three years to help keep it running, supports veterans from across Scotland through its drop-in centre.

Open five days a week, it provides a wide range of activities and services, including: peer support, mental health support, benefits advice, help with pensions, housing support, CV writing, basic computer skills classes, free hot meals, food parcels and cooking classes – and anything else that veterans might find beneficial. Above all else, it offers veterans an escape from social isolation and a safe place to relax.

“Without The National Lottery funding, this project simply wouldn't exist, and people like me would not be able to get the support we desperately need. It is great that, for The National Lottery's 25th birthday, they are shining a light on this and the positive impact funding has on veterans in the UK”

Adam Edwards



HELPING YOUNG PEOPLE TO THRIVE

In October, some of the UK's and the world's finest skateboarders, BMX and wheelchair motocross stars dropped in on young people at a South Wales skatepark to celebrate the £3 billion that National Lottery players have raised to help young people in the UK to develop and thrive over the last 25 years.

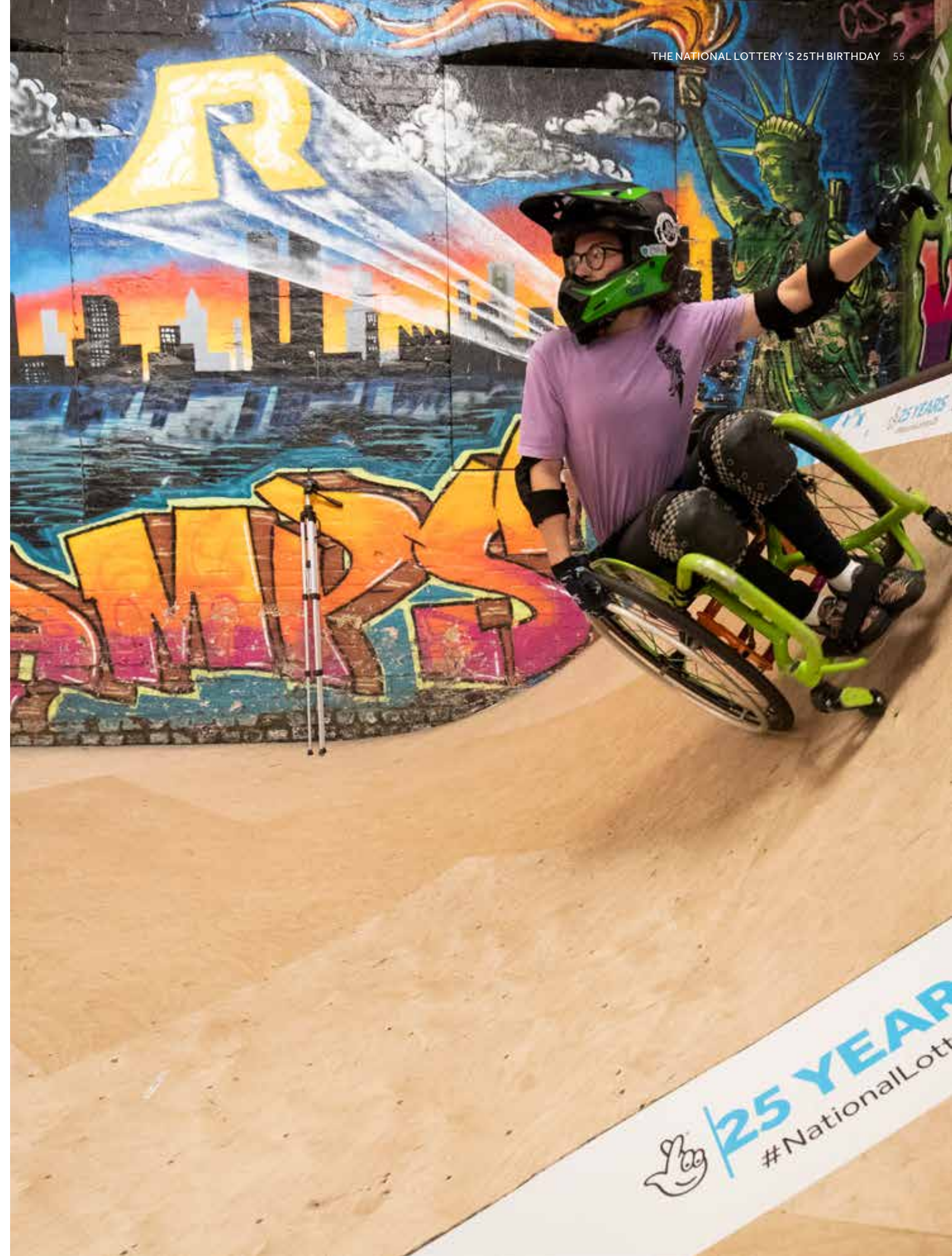
Britain's leading street skateboarder and Olympic hopeful, Alex Decunha, and Wales' own world champion wheelchair sports superstar, Lily Rice, were joined by Swansea BMX freestyler James Jones and YouTuber Jake O'Neill (aka Jake100), on a visit to hundreds of youngsters at Ramps Skatepark in Llanelli.

More than £340,000 was awarded by The National Lottery in 2013 to develop and build the indoor and outdoor skatepark, which now provides activities for over 15,000 young people a year. The grant to Ramps Skatepark is just a small part of the £22.5 million in overall National Lottery funding that has been specifically awarded to develop over 700 BMX projects and skateboarding activities in local communities across the UK for young people to enjoy.

Skateboarding will be making its debut as a medal sport at the rescheduled Tokyo 2020 Olympic Games and Alex Decunha is one of five British skaters who have been funded by The National Lottery for the first time to travel to events during the year. Alex rode with the youngsters to showcase his skills, and demonstrate how The National Lottery is helping young people to discover their passions and even follow their dreams to an elite level.

“Over the last 25 years, The National Lottery has invested millions in supporting thousands of worthwhile projects throughout the UK which support young people to help them reach their goals or discover new opportunities. I'm delighted to be here today to help celebrate that remarkable contribution”

Alex Decunha, Britain's leading street skateboarder





TRANSFORMING BRITISH SPORT

A host of inspirational Olympic and Paralympic medallists from the past two decades – including Sir Chris Hoy MBE, Baroness Tanni Grey-Thompson DBE DL and Nicola Adams OBE – gathered at Westfield in London’s Queen Elizabeth Olympic Park in October to celebrate the transformative effect that The National Lottery has had on Great Britain and Northern Ireland’s medal success since 1997, when funding was first awarded to elite athletes.

A total of 25 medallists – both current and past legends – attended the event, which showcased the 864 medals won by Britain’s Olympians and Paralympians since National Lottery funding began. They also surprised members of the public to say a big thank you to National Lottery players, whose support means that athletes can commit full-time to their sport through grants provided by The National Lottery.

To date, over 5,000 elite athletes have benefited from National Lottery funding, enabling them to have access to some of the best coaching, facilities and support staff in the world. Recipients, past and present, include Christine Ohuruogu MBE, Max Whitlock MBE and Dame Katherine Grainger DBE, as well as winter sports stars such as Lizzy Yarnold OBE and Kelly Gallagher MBE.

The impact of National Lottery funding has been truly significant, changing the face of elite sport in the country and driving world-class performances across a wide range of sports. At the 1996 Atlanta Summer Olympics, before National Lottery funding for elite sport began, Great Britain and Northern Ireland ranked 36th in the Olympic medal table, with just one gold medal and a solitary female medallist. At Rio 2016, after almost two decades of funding from The National Lottery, both the Olympic and Paralympic teams finished second in their medal tables.



“National Lottery funding has transformed sport at all levels, including grassroots clubs, facilities, coaches, the talent pathway and elite sport. The success we have as a sporting nation and Olympic and Paralympic support is down to every single person who has or will buy a National Lottery ticket. So, thank you so much The National Lottery and National Lottery players who have truly transformed the face of British sport and turned Great Britain into a powerhouse of medal success”

Baroness Tanni Grey-Thompson DBE DL, who won 16 Paralympic medals, including 11 golds, over the course of a glittering 27-year career in top-flight athletics as a wheelchair racer



25TH BIRTHDAY #THANKSTOYOU

Over the past 25 years, The National Lottery has funded thousands of attractions, heritage sites and treasured places across the UK, and some of our most-loved tourist destinations – from the Giant's Causeway and the National History Museum to Cardiff Castle and the Glasgow Science Centre.

To celebrate The National Lottery's 25th birthday, National Lottery-funded projects across the UK said a huge, collective #ThanksToYou to players for raising more than £41 billion for Good Causes over the past 25 years, by offering free entry or special offers at hundreds of venues.

The 25th birthday #ThanksToYou campaign was launched by activist and actress Lily Cole who, at the flick of a switch, illuminated the iconic biomes (left) at the Eden Project – one of the UK's most visited sites – transforming them into giant National Lottery balls.

As well as being a visual celebration of The National Lottery's role in funding Good Causes over the last 25 years, the event marked the start of #ThanksToYou, where, for nine days in November and December, anyone with a National Lottery ticket, Scratchcard or proof of online play could enjoy free entry, discounted prices or other special offers at hundreds of National Lottery-funded projects across the UK.

Over 650 National Lottery-funded projects took part in this year's #ThanksToYou activity to celebrate the incredible difference that The National Lottery has made – and continues to make – to the lives of people and communities throughout the whole of the UK. With so many popular venues taking part, the campaign offered something for everybody – no matter where they lived.

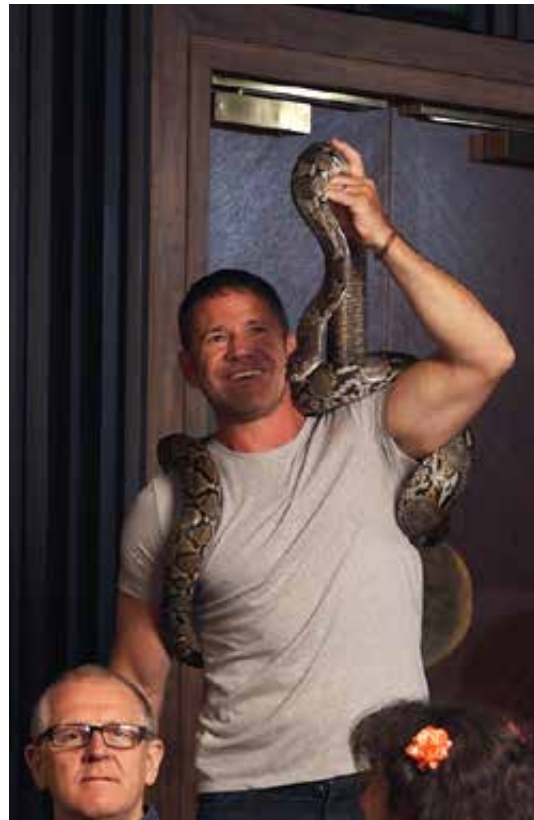
As well as the Eden Project, participating attractions included Stonehenge, Portsmouth's Historic Dockyard, the V&A Dundee, Hillsborough Castle, Jodrell Bank Discovery Centre, RSPB Ynys-hir Nature Reserve, Lincoln Castle, Kenwood House and Murrayfield Stadium. Around 100 National Trust sites also opened their doors for free to National Lottery players.

Sports venues, community centres, landscape and outdoor projects, as well as film and theatre venues and many more, also all found special ways to thank National Lottery players as part of the 25th birthday #ThanksToYou campaign. Derby Arena, for example, invited guests to go for a spin on its velodrome cycle track, while London's famous Old Vic theatre offered discounted tickets to see *A Christmas Carol*.

“Eden was made possible by a £56 million Millennium Lottery Commission award which, in turn, has helped generate more than £2 billion for the regional economy. The investment National Lottery players have contributed towards projects across the UK over time has been fundamental in the resurgence of confidence and pride in creative Britain”

Sir Tim Smit KBE, Co-Founder of the Eden Project

WHAT HAS THE NATIONAL LOTTERY EVER DONE FOR US?



Every 25 minutes, a Good Cause project in the UK receives funding from The National Lottery



To coincide with its birthday on 19 November, The National Lottery released a comedy film to highlight the extraordinary impact it has had on UK life since 1994. Created by BAFTA-nominated writer and director David Schneider, the film parodies the much-loved 'What Have The Romans Ever Done For Us?' scene from *Monty Python's Life Of Brian*.

The short film stars comedian Jimmy Carr who, after being distracted by an audience member during a stand-up gig, poses the question: "What has The National Lottery ever done for us?" What follows is a series of surprising cameos from a host of famous faces in the audience, each heckling Jimmy with their own amazing fact about The National Lottery's wide-ranging impact on the arts, sport, heritage and communities.

Among the all-star cast were Rio Ferdinand, whose 'Rio Ferdinand Foundation' exists to help tackle social issues and is part-funded by The National Lottery; and six-time Olympic champion Sir Chris Hoy MBE and Olympic gold medal boxer Nicola Adams OBE, who have both spoken out about the pivotal role that National Lottery funding has played in their careers and Team GB's Olympic and Paralympic success.

Also in the line-up were TV star Scarlett Moffatt; comedian Francesca Martinez, whose recent theatre tour was funded by The National Lottery; Golden Globe-nominated actor Jane Horrocks; rapper Big Narstie; actor and presenter Sir Tony Robinson; *The Inbetweeners* star Blake Harrison; *EastEnders*' Tamzin Outhwaite; *Derry Girls*' Nicola Coughlan; and naturalist Steve Backshall MBE.

To watch the film, please see: [youtube.com/watch?v=aFzYd7kw1tU&feature=youtu.be](https://www.youtube.com/watch?v=aFzYd7kw1tU&feature=youtu.be)



"It's not easy to raise money for things like archaeology, so when you can go to The National Lottery and say 'this is vitally important', (that funding) is the difference between holding on to a piece of your heritage, or losing it forever"

Sir Tony Robinson

“For 25 years, The National Lottery has been helping communities to thrive in every corner of the UK – from the inner city to remote islands, and everywhere in between. That’s why our fund, #CelebrateNationalLottery25, is to say happy birthday, and to inspire anyone and everyone to make their idea for their community a reality”

Dawn Austwick, Chief Executive of The National Lottery Community Fund

#CELEBRATENATIONALLOTTERY25

To help communities across the UK join in with its 25th birthday celebrations, The National Lottery launched a £2 million fund – #CelebrateNationalLottery25 – that anyone could apply to and offered grants of up to £1,000 for great ideas that help bring communities together.

The fund's launch came as new research from The National Lottery showed that community spirit remains alive and well in our local neighbourhoods. Despite only a quarter of people (27%) feeling that there was a strong community spirit in the UK as a whole, almost half (48%) reported that community spirit in their own local area was strong.

The survey of 2,000 adults also revealed that being part of a community makes people feel happier (84%), less lonely (81%) and mentally healthier (75%). In spite of these benefits, nearly two thirds (62%) said that they weren't active in their local community. Nearly half (44%) wanted to be more active – with young people being the most interested in getting more involved locally. The findings also showed that the majority of people (62%) would like to see improvements made to their local area, but far fewer (40%) believed that they could make a difference themselves – with one in four citing a lack of funding as the reason for this.

The new fund, delivered by The National Lottery Community Fund, aimed to remove these barriers and uncover great ideas from every corner of the UK to empower everyday heroes to make a big difference in their communities – particularly those who might not traditionally apply for National Lottery funding.

It was quick and easy to apply, with all eligible applications entered into a lottery draw, giving everyone a fair chance of receiving a grant. With over 2,000 small grants to be awarded, #CelebrateNationalLottery25 promised to be The National Lottery's most inclusive fund to date – and was a fitting way to celebrate the remarkable impact that The National Lottery has had on local communities across the UK over the past 25 years.

To help support the launch of the fund, the creative geniuses at Aardman Animations (the creators of *Wallace & Gromit* and *Chicken Run*) came up with a short film showing the many ways that people could make a difference to their community.

To watch the film, please see: [youtube.com/watch?v=qNLEZguxdzE&feature=youtu.be](https://www.youtube.com/watch?v=qNLEZguxdzE&feature=youtu.be)





After five hours of walking in very tough conditions, TV presenter Helen Skelton reached the summit of Ben Nevis to celebrate The National Lottery's support for the great outdoors over the past 25 years. Helen was joined on the climb by a group of young people from Glasgow's PEEK project, which has received over £1 million in National Lottery funding, and works to improve the life chances of children and young people across Scotland.



25 YEARS IN NUMBERS

25 YEARS IN NUMBERS

£140 BILLION

The amount we've returned to winners and society since we began running The National Lottery

£146 billion

our total ticket sales since The National Lottery's launch in 1994

£7.9 billion

we achieved record total ticket sales in 2019/20 – over £300 million more than the combined total UK sales of Cadbury, Coca-Cola, Nestlé, Walkers, Warburtons, Heinz, Pepsi and Purina (Source: 'Britain's Biggest Brands', *The Grocer*/Nielsen – March 2020)

53%

the total sales growth we've achieved over the course of the third National Lottery licence

Leading UK brands

we operate some of the UK's best-selling FMCG brands, with Lotto the biggest single FMCG brand in the country

60%

the proportion of UK adults who currently play National Lottery games – underlining the huge reach of the brand

£41 billion

the total amount raised for Good Causes to date – 60% more than the most optimistic Treasury forecast at the time of The National Lottery's launch

£30 million a week

the average amount we raise each week for Good Causes

565,000

the number of individual Good Cause projects that have now received National Lottery funding – meaning almost everyone in the UK has benefited from a National Lottery-funded project

200

the average number of National Lottery grants awarded in every UK postcode district

£5.6 billion

the amount The National Lottery has invested in art and film across the UK, funding over 118,400 individual projects

£6.3 billion

the amount The National Lottery has invested in sport across the UK, funding over 93,700 individual projects

£9.9 billion

the amount The National Lottery has invested in heritage across the UK, funding over 35,900 individual projects

£13.7 billion

the amount The National Lottery has invested in community life across the UK, funding over 287,300 individual projects

£75 billion

the amount of prize money we've awarded to players to date

5,700

the number of National Lottery millionaires or multi-millionaires we've now created

9 million

the number of winners we create every week across The National Lottery's range of draw-based and instant play games

95%

the percentage of all revenue we return to winners and society – one of the highest proportions of total lottery revenue given back in the world

4%

the percentage of total revenue we spend on operating costs, making The National Lottery one of the most cost-efficient major lotteries in Europe

1%

the amount of revenue our shareholder, Ontario Teachers' Pension Plan, retains in profit after tax

£17.5 billion

the amount of Lottery Duty we've generated for the Treasury – money that has helped to fund public expenditure across the UK

£6.8 billion

the amount of sales commission earned by our retail partners since 1994

59th

we're recognised for selling National Lottery tickets in a socially responsible way – The National Lottery is ranked just 59th in the world in terms of per capita spend, despite being the fifth largest lottery in the world in terms of sales

94%

the proportion of the UK adult population who live or work within one mile of a National Lottery terminal

95%

the percentage of the UK population to whom The National Lottery crossed fingers logo is recognisable

35th

where we were placed in The Sunday Times Best 100 Mid Companies 2020 – we're proud to have been recognised as one of the best companies to work for in the UK

INNOVATIVE & PIONEERING





OUR GAMES AND CHANNELS

We offer a wide range of regularly-refreshed draw-based and instant play games – and a multi-channel experience, with players able to buy tickets in store, online and on their mobile devices.

We believe that offering a balanced and appealing portfolio of games that offers something for everyone – and making them as accessible as possible so that people can play anytime, anywhere and on any device – is key to The National Lottery's long-term health, and will help to ensure that we continue to deliver for players and Good Causes in the years to come.

OUR STRATEGY

As a responsible business, we want National Lottery players to have a positive and enjoyable experience, with lots of people playing but individually spending relatively small amounts.

Around 60% of UK adults currently play National Lottery games, with the demographics of play closely mirroring the demographics of the UK population as a whole. The National Lottery is ranked just 59th in the world in terms of per capita spend, despite being the fifth largest in the world in terms of sales – underlining the ongoing effectiveness of our approach in this area. (Source: La Fleur's World Lottery Almanac 2020)

To ensure that we continue to have lots of people playing a little, we strive to attract the broadest player base possible by offering a range of distinct games with prizes, chances to win and prices to suit different needs, tastes and pockets.

Following the wide-ranging review of the business that we conducted in 2017, we've continued to work hard to create what we believe is the right portfolio for long-term, sustainable growth – with exciting games that stand out from each other and give people the ability to play their way.

The latest addition to our range of draw-based games, Set For Life, is continuing to grow in popularity and is exceeding sales expectations, while the improvements that we're continuing to make to our range of Instant games are giving people greater choice and better access to the games they want to play.

We also want people to be able to play National Lottery games when they want, where they want – and have continued to invest in and innovate across our retail and digital channels. For example, we've launched a new and improved website for our retail partners, and have continued to adapt our market presence to better reflect the shifting retail landscape – including running trials in new outlets and making National Lottery tickets available at self-checkouts.

And in digital, we've made further enhancements to The National Lottery's iPhone and Android mobile apps, and refreshed the look and feel of the National Lottery website and apps to make them more user-friendly and engaging.

As a result of everything we've been doing, we've now achieved three successive years of sales growth, with increases across all areas of the business – clear proof of the importance and value of all of the work we've been carrying out since 2017's review.

This success continues to be underpinned by our ongoing commitment to selling tickets in a socially responsible way. Over the course of the year, we became the first lottery operator – and one of the first online gaming operators – to be awarded Advanced Level 2 of GamCare's Safer Gambling Standard for our online and retail operations. And we have invested heavily in our suite of online healthy play tools through the launch of our 'DREAM BIG PLAY SMALL' portal on the National Lottery website.

Our strategy is working – we've achieved three successive years of sales growth, with increases across all areas of the business

OUR GAMES



Our core millionaire-maker game offers players two chances to become a millionaire – either by scooping the jackpot or matching five main numbers plus the Bonus Ball to win £1 million. Lotto takes place every Wednesday and Saturday, and costs £2.00 to play.

Our huge, rolling jackpot game offers players the biggest jackpots, plus one guaranteed £1 million prize for UK players in every draw with the UK Millionaire Maker. EuroMillions takes place every Tuesday and Friday, and costs £2.50 to play.



Launched in March 2019, our annuity game offers players the chance to win £10,000 every month for 30 years. Set For Life takes place every Monday and Thursday, and costs £1.50 to play.



Our value game offers players the best chance to win £500,000 on a £1 National Lottery game. Thunderball takes place every Tuesday, Wednesday, Friday and Saturday.



Our Lotto spin-off game offers players the chance to win up to £350,000 by picking and matching fewer Lotto HotPicks numbers against the main Lotto draw. Lotto HotPicks takes place every Wednesday and Saturday, and costs £1.00 to play.



Our EuroMillions spin-off game offers players the chance to win up to £1 million by picking and matching fewer EuroMillions HotPicks numbers against the main EuroMillions draw. EuroMillions HotPicks takes place every Tuesday and Friday, and costs £1.50 to play.



Our wide range of Instant games offers players a huge choice of Scratchcards and online Instant Win Games, with prices starting at 25 pence and prizes of up to £4 million available. With overall odds of 1 in 4 of winning a prize, National Lottery Instant create more than 200 winners every minute.

OUR PERFORMANCE IN 2019/20

A quarter of a century on from The National Lottery's launch, we grew total National Lottery ticket sales for the 2019/20 financial year (1 April 2019 to 31 March 2020) to a record £7,905.1 million – an increase of £698.3 million on the previous year.

Over the same period, we generated £1,853.1 million for Good Causes – £198.4 million more than in 2018/19. This achievement is especially significant, coming as it does at such a critical time with National Lottery distributors continuing to fund vital work to help tackle the impact of COVID-19 across the UK.

We succeeded in growing sales across the board during the year, with our growth driven by record digital performance of £2,457.5 million and, despite the ongoing challenging retail environment, very strong in-store sales of £5,447.6 million.

Sales of draw-based games increased by £455.3 million to £4,537.1 million in 2019/20, following the improvements we've made to ensure that we offer players a range of compelling and distinct games.

As players continue to experience the benefits of the changes we made to Lotto in November 2018, we succeeded in growing sales of the game last year – making us one of only a few lotteries around the world to be growing its flagship lotto game. The new bigger, fixed cash prizes on offer in the game – including £1 million for matching five main numbers and the Bonus Ball – are proving to be hugely popular, while the new jackpot 'rolldowns' have seen hundreds of thousands of players scoop even bigger prizes in 'Must Be Won' draws.

EuroMillions also had an exceptional year, with a record roll series in 2019 that saw an anonymous UK ticket-holder win a massive jackpot of £170.2 million to become the country's biggest-ever winner. At the height of the roll series, our in-store sales were peaking at just over 200 tickets a second, while our online channels were peaking at around 150 tickets a second.

And our newest game, Set For Life, continues to grow in popularity and is exceeding sales expectations. Since its launch in March 2019, it has created 17 winners of its top prize of £10,000 a month for 30 years.

Sales over the period were also boosted by record sales across our range of in-store Scratchcards and online Instant Win Games. These grew by £243.0 million to an all-time high of £3,368.0 million, as a result of a number of improvements we've made to give people greater choice with a wider selection of differently priced products with varying themes. These included a special '£250,000 Birthday' game to celebrate The National Lottery's 25th birthday, as well as *Friends* and *Love Island*-themed games.

Total National Lottery sales in 2019/20 were bigger than the UK sales of Cadbury, Coca-Cola, Nestlé, Walkers, Warburtons, Heinz, Pepsi and Purina combined

(Source: 'Britain's Biggest Brands', *The Grocer*/Nielsen – March 2020)



OUR RETAIL CHANNEL

With nearly 70% of all National Lottery sales coming through in-store terminals, retail remains our largest sales channel.

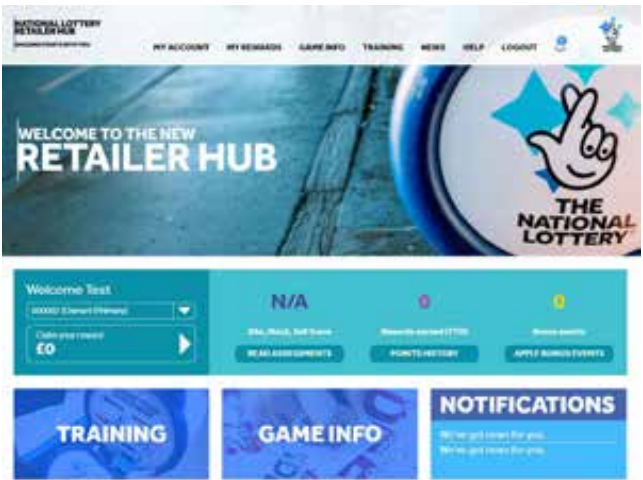
In what continue to be very challenging high street conditions, we grew in-store sales by £74.3 million to £5,447.6 million in 2019/20 – underlining the effectiveness of the work we have been carrying out to support our retail partners.

As a result of this impressive performance, National Lottery retailers earned £307.1 million in commission over the period, £8.8 million more than last year and an average of around £7,000 per store. This takes the total commission earned by retailers since The National Lottery’s launch to over £6.8 billion.

Our network of around 44,000 outlets throughout the UK ensures that The National Lottery is convenient to play, with 94% of the UK adult population living or working within one mile of a National Lottery terminal. To ensure that we better reflect the constantly changing retail landscape, we’ve continued to make progress in implementing a number of initiatives that take account of the changing ways in which people are shopping.

More than 150 Aldi stores are now selling National Lottery products and our trial with Iceland is progressing well. We’re also continuing to make National Lottery tickets available at self-checkouts. We rolled out this facility to over 550 Asda stores nationwide last year and are now in talks with other major supermarkets to replicate this service in their stores.

In July, we launched a new and improved National Lottery retailer hub for our retail partners. With a host of new features, the site offers an array of information and tools – all in a user-friendly environment – to help retailers get the very most from selling National Lottery products. The hub has also been optimised for mobile, allowing convenient access to current point-of-sale material, National Lottery news, information and training guides.



And we’ve continued to invest in initiatives – such as our innovative 10-point ‘Site, Stock, Sell’ incentive programme – to help our retailers improve their display and merchandising. In 2019/20, we awarded more than £1.2 million in rewards to retailers.

To mark The National Lottery’s 25th birthday in retail, we awarded over 3,000 plaques to retailers who have raised significant sums for Good Causes, and sent out personalised posters to all of our 44,000 retail partners detailing how much they had raised to date for Good Causes.

As well as launching a hugely successful ‘£250,000 Birthday’ Scratchcard game, which offered the best-ever chance of winning £25 on a National Lottery Scratchcard, we held two bumper birthday draws in November – a special 25 UK Millionaires EuroMillions draw, which made 25 guaranteed UK millionaires in one night, and a £25 million ‘Must Be Won’ Lotto draw.

As we approached the end of the financial year, we, like many other businesses, saw some disruption in retail as a result of the unprecedented impact of COVID-19. We’ve worked closely with our retail partners to give them all the support they need at this critical time.

Getting our response right in retail has been crucial. Our 44,000 retailers are the backbone of The National Lottery and, to most players, our public face. As our biggest sales channel, they play a hugely important role in helping us to raise over £30 million every week for Good Causes – funds that are now more essential than ever.

We’ve been in constant communication with our retail partners since nationwide restrictions on movement were announced by the government in March, using a range of channels to provide them with timely updates and important information. As part of a wide range of measures that we’ve put in place to support them during this time, we’ve issued regular guidance to retailers on safe ways to play our games and claim prizes in-store.



OUR RETAIL CHANNEL (CONTINUED)

More generally, we've been actively encouraging people to only buy tickets or claim prizes in retail if they're already in-store as part of their essential shop – and to buy and check tickets online instead. And we've been reminding players with winning retail tickets that they have 180 days from the date of the draw to claim their prizes – and so don't need to make a special trip out to a store.

We've also removed big jackpot event draws from our short-term plans – to ensure that people aren't making a special trip into stores to play. And we've been doing everything we can to help those stores that have temporarily stopped selling National Lottery products or have had to close because of the crisis.

By continuing to sell National Lottery tickets alongside essential products, our retail partners are playing a crucial role in the national response to the coronavirus pandemic. Despite the ongoing uncertainty as we head into the new financial year, we remain fully committed to supporting them in as many ways as we can.



Camelot CEO Nigel Railton, with Retail Sales Executive Alison Gorman, presents Chesham retailer Hitesh Modi with a plaque to celebrate his store raising over £340,000 for Good Causes. Hitesh, owner of Costcutter Newsagents, was also recently awarded the National Lottery Retailer of the Year award at the 2020 NFRN Awards.



Camelot CEO Nigel Railton presents Mustajab 'Tony' Haider, owner of The Shop on the Level in Brighton, with a plaque to celebrate his store raising over £750,000 for Good Causes.

We've continued to invest in initiatives – such as our innovative 10-point 'Site, Stock, Sell' incentive programme – to help our retailers improve their display and merchandising. In 2019/20, we awarded more than £1.2 million in rewards to retailers

OUR DIGITAL CHANNELS

With record sales of £2,457.5 million in 2019/20, our digital channels account for over 30% of total National Lottery sales. With over 7.5 million active registered players, national-lottery.co.uk is Europe's largest online lottery in terms of sales and one of the top e-commerce sites in the UK.

Our continued innovation and investment in The National Lottery's digital channels over the last year helped us to grow online sales by £624.0 million – and saw us exceed the £2 billion mark for the first time. As part of this, we grew mobile sales by £586.0 million to an all-time high of £1,605.5 million, with sales through smartphones and tablets now accounting for around 65% of all digital sales.

The ongoing enhancements we've been making to The National Lottery's iPhone and Android mobile apps also drove record sales through them, while a brand new look and feel for the National Lottery website and apps at the end of 2019 has made them more user-friendly, easier to navigate and full of more engaging content.

Following the advent of the COVID-19 outbreak towards the end of the financial year and the subsequent lockdown announced by the government, we've been actively encouraging people to play and check their tickets online or on the National Lottery apps.

To encourage people to avoid unnecessary shopping trips, we've also updated all of our advertising for upcoming draws or jackpots to include 'Play online or via the app' messaging. As a result, we've seen a significant increase in app downloads and traffic to our online channels, as well as a rise in the number of new online account registrations.

To make it easier for these players, many of whom may have only previously played in retail, we've implemented a number of measures – including lowering our minimum online deposit limit from £10 to £5 to ensure that people who just want to buy a ticket or two play online instead of going out to a shop unnecessarily to do so.

With healthy play being a top priority for us – and now even more so because we have an even greater number of people playing online than we normally would – we've also increased the visibility of our range of well-established online account management tools, including spend and play limits, and our new online budget calculator, to make it even easier for our online players to manage their play.

As we look ahead to the coming year, we know that we cannot afford to stand still, given the relentless pace of change in digital. We'll be looking to build on this year's record-breaking performance – and we will carry on investing and innovating to ensure that we continue to make playing National Lottery games online as easy and as enjoyable as possible.

At £1.6 billion, sales through smartphones and tablets now account for around 65% of all National Lottery digital sales





LIFE- CHANGING

OUR WINNERS

The National Lottery creates over nine million winners a week across its range of draw-based and instant play games – and, on average, around 30 millionaires every month. Since its launch in 1994, it has awarded over £75 billion in prize money to players and created more than 5,700 millionaires or multi-millionaires who, between them, have shared an incredible £15.1 billion.



The biggest UK winners to share news of their win in 2019/20 – Steve Thomson and his wife Lenka, from Selsey in West Sussex

OUR PERFORMANCE IN 2019/20

The National Lottery continued to transform lives in 2019/20, with 795 players – including 355 new millionaires – winning a prize of £50,000 or more and sharing over £1 billion between them. In total, The National Lottery awarded £4,505.0 million in prize money over the course of the year.

Builders were, once again, the year's luckiest profession, scooping the most £1 million-plus prizes, ahead of the engineering/manufacturing sector and drivers – while Capricorn was the luckiest star sign over the 12 months.

The largest win of the year came in October when an anonymous UK ticket-holder won a massive EuroMillions jackpot of £170.2 million, entering The National Lottery record book in the process by becoming the country's biggest-ever winner.

The jackpot had built up following a record-breaking and hugely exciting roll series, which saw 18 consecutive Rollovers before the jackpot hit its cap of €190 million, the maximum amount possible at the time. Under EuroMillions rules, only five further draws are allowed to be held once the jackpot reaches its cap.

Four further draws therefore took place but, as they didn't produce a jackpot winner, a fifth and final 'Must Be Won' draw took place on 8 October, in which all of the jackpot money, if not won outright, was guaranteed to roll down to the next prize tier with winners.

Fortunately for the lucky UK ticket-holder, they matched all five main numbers and the two Lucky Star numbers in the draw to bank the entire €190 million and start living the good life alongside the rich and famous. Their new-found wealth has, according to The Sunday Times Rich List 2020, put them on a par with music legends such as Calvin Harris (worth £180 million), Eric Clapton (£175 million), Sir Tom Jones and Roger Taylor (both £170 million), Charlie Watts (£165 million), and Adele and Ozzy/Sharon Osbourne (both £150 million).

At the time of the draw, Fred and Lesley Higgins from Aberdeenshire, who won a £57.9 million EuroMillions jackpot in July 2018, wished all UK players good luck for the special draw.

The year also saw another huge EuroMillions jackpot scooped in the UK – one of seven EuroMillions jackpots won here in 2019/20 – when a UK ticket-holder, who chose to remain anonymous, won £123.4 million in June to become the country's fourth biggest lottery winner.

The biggest UK winners to share news of their win in 2019/20 were self-employed builder Steve Thomson and his wife Lenka, from Selsey in West Sussex. The couple won a huge £105.1 million EuroMillions jackpot on 19 November – the 25th birthday of The National Lottery – to become the UK's ninth biggest lottery winners. Conscientious Steve promised not to leave any of his clients or his business partner in the lurch by completing all of his outstanding jobs before Christmas.

“Everyone dreams of winning the lottery as we always did. You always think it isn't going to happen to you – but it did! And winning this amazing amount of money has enabled us to help so many people and change so many lives... It is an amazing feeling to be able to give and help, and see the joy which this brings”

Fred and Lesley Higgins from Aberdeenshire

OUR PERFORMANCE IN 2019/20 (CONTINUED)

The new decade started in the best way imaginable for Stockton-on-Tees couple John and Allison McDonald. Three days after winning a £2 million Lotto jackpot just before Christmas, they were given the news they had longed for – their teenage son, Ewan, who had battled cancer all year was finally given the all-clear. John said: "It's just like all of our lifelong dreams came true in the space of three days. 2020 is certainly looking like being one amazing year for the three of us!"

Dean Weymes from Peterborough was celebrating in July after he scooped the Set For Life top prize of £10,000 every month for the next 30 years. Film and theatre buff Dean, who was playing Set For Life for the first time online at national-lottery.co.uk, couldn't believe it when he realised he had matched all five main numbers and the Life Ball to win the life-changing prize – and vowed to turn his passion into reality.



It was a double celebration in October for Coventry couple Philip and Gayle Say after they won the top Thunderball prize of £500,000 twice in one night! Having bought their usual tickets for the Tuesday draw using a combination of special numbers – from door numbers to anniversaries and birthdays – Gayle realised she had chosen the same line of numbers twice, but on different tickets. She thought about trying to cancel the ticket but didn't bother as she didn't expect it to win. When she checked the draw results later, she instantly recognised the familiar numbers and rushed to tell Philip – and then realised she had the same winning numbers on another ticket.

In December Didzis Pirags, a single dad and chef from Preston, received the best Christmas present he could wish for when he won the £1 million top prize win on The National Lottery's 'Merry Millions' Instant Win Game after feeling lucky one lunch break. Having put down a deposit on the first home of his own, he is looking forward to giving his five-year-old son the best possible life. However, despite being £1 million richer, Didzis didn't let down his Christmas customers – and still worked on Christmas Day and Boxing Day.

Andrew and Paula Hancock from Mansfield have their lucky pet cat, Shortcake, to thank after they scooped the £1 million top prize on The National Lottery's 'MONOPOLY Millionaire' Scratchcard in July. Having forgotten to buy the cat's dinner on the way home from work, Andrew rushed to the local petrol station to get pet food. After filling up, he bought the game and scratched it in the car. As soon as he discovered he'd won, he drove home immediately to tell Paula. In his excitement, he'd still forgotten to buy Shortcake's food – so the poor cat had to make do with a slice of ham from the fridge for dinner.



“I have always wanted to fulfil my dream to become a scriptwriter and this now allows me the freedom to do it”

Dean Weymes, Peterborough

Clockwise from top left:
John and Allison McDonald;
Philip and Gayle Say; Didzis
Pirags; Andrew and Paula
Hancock; Dean Weymes



25 YEARS OF WINNERS

To celebrate a quarter of a century of The National Lottery, we commissioned celebrity photographer Sven Arnstein to produce a glamorous *Vanity Fair*-style picture of just some of our big winners from the past 25 years.

25 YEARS OF WINNERS (CONTINUED)

With a combined fortune of more than £110 million, 25 winners – one from each year of The National Lottery’s existence and representing every part of the UK – got together in November to share tips about life after a win and reveal how their lives have been transformed.

From the winner who paid for life-saving surgery, the pensioners exploring the world by train and the music fan who funded her ‘Robbie Hobby’ to the single mum juggling three jobs and recovering from cancer, the council tenant who treated herself to a yacht and the winner who named his child after Lotto, there were some incredible stories to hear.

To mark The National Lottery’s 25th birthday, we also exhibited a stunning collection of photographs to show winners’ most meaningful purchases over the past 25 years.

The exhibition of 25 individual images, which took place at London’s Fulham Palace in October, showcased the generous, heartfelt and even surprising stories behind what some of The National Lottery’s big winners have done with their millions.

From the parents building a much-needed sensory room for their daughter and the couple changing the lives of people in their village forever to the chefs building a dream home in St Lucia and the couple helping to publish a children’s book with a difference, each photograph aims to tell the winner’s story and paint a picture of their fascinating lives.



“ These are just a tiny fraction of some of the lucky players who have won life-changing sums of money over the past 25 years. We’ve all had the ‘when I win the lottery’ conversation, but these lucky people are now living out their dreams. Our players are a generous lot too: 11% of winners have made additional millionaires or multi-millionaires through kind donations to family and friends, and more than 91% have donated time or money to charities close to their hearts – meaning the benefit of every big win is reaching far and wide”

Andy Carter, Senior Winners Advisor at Camelot

WHERE ARE THE UK'S LUCKIEST PLACES?

With more than 5,700 millionaires created since launch, there are National Lottery winners in every corner of the country. But where does lottery luck live?

To mark The National Lottery's 25th birthday in November, we revealed the UK's luckiest postcodes for winning big over the last 25 years.

Topping the list with the highest number of millionaires created by The National Lottery was the Birmingham (B) postcode, with 168 millionaires since launch – making it the capital of National Lottery millionaire-making. In second place was the Belfast (BT) postcode, with 133 millionaires, followed by Glasgow (G) with 125.

The rest of the top 10 postcodes for millionaires were: Liverpool (L) with 112; Newcastle upon Tyne (NE) and Sheffield (S), both with 109; Cardiff (CF) with 103; Manchester (M) with 102; Peterborough (PE) with 98; and Leicester (LE) with 86.

For winners of prizes of £50,000 or more, however, the map of National Lottery luck looked different. Over 40,000 prizes of £50,000 or more have now been won by players and, taking into account where these major prizes have been won and the size of the local adult population, the results showed that luck lives north of the border.

In first place was Galashiels (TD), with 1 in every 894 adults winning a big prize. Romford (RM), with 1 in 922 adults, and Cleveland (TS), with 1 in 952 adults, completed the top three. The remaining top 10 postcodes for high-tier prize-winners were: Warrington (WA) with 1 in 1,018; Sunderland (SR) with 1 in 1,025; Medway (ME) with 1 in 1,041; Newcastle upon Tyne (NE) with 1 in 1,053; Newport (NP) with 1 in 1,060; Liverpool (L) with 1 in 1,065; and Dundee (DD) with 1 in 1,087.



*Winners of over £50,000 per adult population since launch

MAKING AMAZING HAPPEN





With support from The National Lottery, volunteer-led charity Pride Cymru works to promote the elimination of discrimination be it on the grounds of sexual orientation, gender, race, religion or ability.

NATIONAL LOTTERY GOOD CAUSES

For every National Lottery ticket sold, a proportion of the money received benefits a huge variety of Good Cause projects, both big and small – from repairing Scout huts and supporting the most vulnerable in society to preserving the nation's heritage and helping to make inspirational Olympic and Paralympic champions.

Almost everyone in the UK has benefited from a National Lottery-funded project. To date, National Lottery players have raised over £41 billion for Good Causes, funding more than 565,000 projects in the arts, sport, heritage, health, education, environment and community/charity sectors. That's the equivalent of over 200 lottery grants in every UK postcode district, with every project making a real difference to the lives of people and communities across the UK.



OUR PERFORMANCE IN 2019/20

We generated £1,853.1 million for Good Causes in 2019/20 – over £30 million, on average, every week. Combined with the Lottery Duty we pay to the government and the commission earned by our retail partners, we continue to return around 95% of all revenue to winners and society – one of the highest percentages of lottery revenue given back in the world.

As well as helping to fund projects that are genuinely world class – such as our world-famous arts and heritage offerings, and Team GB and ParalympicsGB – with around 70% of all funding grants being for £10,000 or less, The National Lottery continues to give small, grassroots projects a real boost at a time when other sources of revenue are being, or face being, cut.



OUR PERFORMANCE IN 2019/20
(CONTINUED)

As the UK responds to the unprecedented challenges and enormous scale of the coronavirus crisis, National Lottery funding to support people and communities at a local level has never been more important than it is now. Thanks to National Lottery players, hundreds of millions of pounds in vital aid is being – and will continue to be – distributed to help projects most affected by the widespread impact of the COVID-19 pandemic, making a real difference in local communities.



HOW MONEY FOR GOOD CAUSES IS ALLOCATED

Although we are responsible for generating returns for Good Causes, we play no role in the allocation of funding. This is the specific responsibility of 12 National Lottery distribution bodies, each with specialist knowledge of their sectors.

These bodies are chosen by Parliament for their knowledge and expertise to help ensure the money goes exactly where it's needed:

- Arts
 - Arts Council England
 - Arts Council of Northern Ireland
 - Arts Council of Wales
 - British Film Institute
 - Creative Scotland

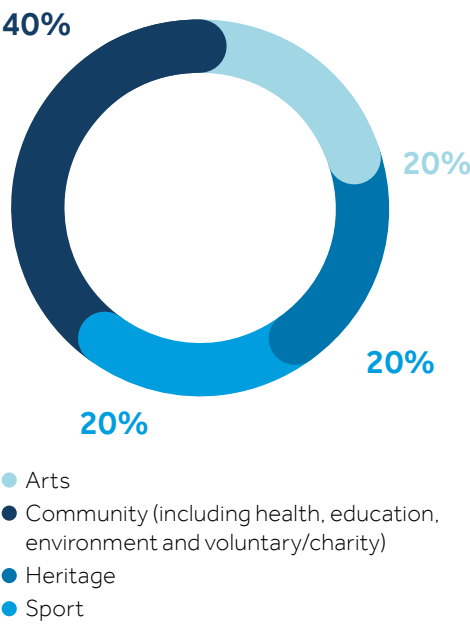
- Community
 - The National Lottery Community Fund

- Heritage
 - The National Lottery Heritage Fund

- Sport
 - Sport England
 - Sport Northern Ireland
 - sportscotland
 - Sport Wales
 - UK Sport

All of the income raised for Good Causes from ticket sales is paid by us into the National Lottery Distribution Fund and then allocated to the distribution bodies according to a formula set by the Department for Digital, Culture, Media & Sport.

In the year to 31 March 2020, the money we delivered for Good Causes was allocated as follows:



For further information about projects awarded National Lottery funding or to apply for funding, please visit national-lottery.co.uk/news



HELPING TO TACKLE THE CORONAVIRUS CRISIS

With funding at a local level never being more vital than it is now, The National Lottery is playing a critical role in helping the country respond to, and recover from, the unprecedented challenges and enormous scale of the coronavirus pandemic.

Through its distribution bodies, The National Lottery is making the UK's biggest non-governmental contribution to the national effort to combat the effects of COVID-19. Charities and organisations affected by the widespread impact of the coronavirus outbreak in the UK are being given access to a comprehensive package of support of up to £600 million of repurposed money from The National Lottery – a figure that is set to rise as further funding announcements are made.

Thanks to National Lottery players, hundreds of millions of pounds in aid will be distributed over the next few months to help projects most impacted by coronavirus, and will support people and communities at this critical time. Spanning the arts, community and charity, heritage, education, environment and sports sectors, the extensive National Lottery funding announced to date is as follows:

- **The National Lottery Community Fund** has made up to £300 million available over the next six months to support the most vulnerable in communities across the UK. The funding will go to charities and voluntary organisations across the UK that are best placed to support people and communities at this vital time – including projects that operate food banks, combat loneliness and isolation, provide support for the elderly, and promote physical and mental health in the community.
- **The National Lottery Heritage Fund** has set up a £50 million emergency fund to address immediate pressures in the UK heritage sector over the next four months and provide increased investment in essential digital skills. The money from The National Lottery will be invested where it is needed most, providing immediate-term funding for organisations supporting the country's rich heritage and safeguarding valued sites to ensure they are not lost to the public.

- **Sport England** has announced that £157 million will go towards a response package to help the sport and physical activity sector through the crisis, including organisations that are experiencing short-term financial hardship or have ceased operations. It has also launched 'Join the Movement', a National Lottery-funded consumer campaign, backed by TV advertising, to encourage people to stay active at home and share their experiences on social media through #StayInWorkOut.

- **Arts Council England (ACE)** has put £144 million towards an emergency response package to ensure that the people and organisations that make up the UK's arts, museums and libraries are protected during the coronavirus crisis. ACE has also changed the funding requirements for individuals and organisations currently in receipt of its funding, to help alleviate pressure on them.

- **The British Film Institute (BFI)** has made £4.6 million available to individuals and organisations in the screen industries hardest hit by the pandemic – ranging from emergency funding for freelancers whose contracts were suddenly cancelled to grants for audience-facing venues which have unexpectedly had to close. The BFI also plays a crucial leadership role, working with the entire screen sector, to help shape responses to the crisis and guiding its strategy for recovery.

- **The Arts Council of Wales**, working with the Welsh Government, has put £5.1 million towards a £7 million Arts Resilience Fund for Wales. The fund will provide support for arts-funded individuals and organisations to help them through the crisis.

- **Sport Wales** has put £4.75 million towards a Sport Resilience Fund. The money will be used to support sports clubs and their partner networks, which are vital in ensuring that the nation is able to remain active.

“In these uncertain times, lottery funding takes on an even greater significance, as we come together to deliver a national effort. So I am delighted that The National Lottery is channelling its support to help those most in need across these sectors. This will help to support jobs and economic growth, allowing us to support vulnerable people who are relying on us, and continue to keep Britain active, educated and entertained both during and after this epidemic”

Oliver Dowden, Secretary of State for Digital, Culture, Media & Sport

HELPING TO TACKLE THE CORONAVIRUS CRISIS (CONTINUED)

- **Creative Scotland** has repurposed over £10 million to keep funding flowing to those in most immediate need due to the impact of the COVID-19 crisis. Resources have also been redeployed to ensure that those working across Scotland's arts, screen and creative industries can maintain their practice during the coming months.
- **sportscotland** has accelerated £16.4 million of investment across the sporting system – with half of the money coming from The National Lottery and the other half from the Scottish Government – to support Scottish Governing Bodies, local partners, and clubs and community organisations. The funding will help protect the jobs of an estimated 1,600 members of staff working in the sector.
- **The Arts Council of Northern Ireland** has opened a £500,000 Artists Emergency Programme for freelance artists, creative practitioners and performers. Grants of up to £5,000 each will be used to support the research, design and future presentation of arts events and performances, including resources to help artists develop their creative practices.

Many projects have already been adapting to the crisis as best they can in line with social distancing guidelines. For example, the Warm and Toasty Club in Essex, an intergenerational community group that uses music, arts and history to engage and entertain people over 60, has moved online. The group is using its social media accounts to provide interactive content for older people to help combat loneliness and bring people together virtually during isolation.

In Carmarthenshire, the Tool Shed project, a tool lending library which makes DIY and repair more affordable for eligible working families, is providing online tips on home DIY and using its van to deliver food parcels, plants and seeds in the local community. The project has also designed and developed special headbands for NHS workers and care staff to wear underneath their facemasks to prevent the masks from cutting into their skin.

In Scotland, Well Fed is working to alleviate the effects of coronavirus in Glasgow's communities by ensuring access to healthy meals for people affected by homelessness, income deprivation and social isolation, as well as those vulnerable due to age, disability or health conditions. Helped by a team of volunteers, Well Fed is currently providing 2,000 meals per day and is working hard to increase this to 3,000 meals per day.

And in Northern Ireland, Streetwise Community Circus has created a digital hub called 'Streetwise at Home', where children can learn circus skills from professional circus performers, while the Ulster Orchestra's new digital platform, #UOLetsPlayAtHome, features one of its musicians or a performance every day at 15:00.

We've also worked closely with the National Lottery Distributors to very quickly turn around advertising to support The National Lottery's £600 million response to the COVID-19 crisis. A special TV ad, which used user-generated content from Good Cause beneficiaries thanking players for their enormous contribution, featured a number of the frontline projects which are helping the nation through the crisis and which have received National Lottery funding.

These included Youth Sports Trust, a UK-wide project which is helping thousands of children stay active at home; Intercultural Youth Scotland, a project providing online services for vulnerable young people; and BASIC (Brain & Spinal Injury Centre), a North West-based project which, while supporting those recovering from brain and spinal injury, is also making hundreds of homemade pies for NHS staff.

It also featured Dungannon Multiple Sclerosis Support Group, which is providing online physiotherapy for people with multiple sclerosis in Northern Ireland; and South Denbighshire Community Partnership, a project delivering hot meals to the most vulnerable in remote parts of Wales.



TV personality and reality star Jess Wright treats members of the National Lottery-funded Warm and Toasty Club in Essex to a surprise luxury spa day to mark World Kindness Day. The project has since adapted to the coronavirus crisis by moving its services online.



THE BIG SURPRISE

As part of our ongoing work to highlight the amazing things that The National Lottery makes possible, we've continued to bring to life the huge difference that The National Lottery makes to the UK through The Big Surprise. Shown as part of the draw results slot during some of ITV's most popular and high-profile entertainment shows, The Big Surprise honours the local heroes who have made an amazing difference in their local areas with the help of National Lottery funding.

WE GIVE FOOTBALL FAN MARIE THE SURPRISE OF HER LIFE

As the manager of Anfield Sports and Community Centre, Marie Rooney spent almost 40 years going above and beyond to make the lives of people in her community better. She's helped thousands of young people, and donated gifts and football tickets to less fortunate members of the community. Even after retiring from the Community Centre earlier in 2019 after decades of loyal service, Marie is still passionate about her community and plans to continue inspiring those around her.

But that's not all she's passionate about. Come the weekend, you'll find Marie watching her beloved Liverpool FC. So we thought it a fitting tribute to send her off with the surprise of her life – right in front of a crowd of 51,000 people.



LAUGHTER REALLY IS GOOD FOR YOUR HEALTH

Twenty-one years ago, Keith Palmer set up The Comedy School in London. The school aims to raise the profile of the many uses of comedy, from stimulating personal creativity to developing social skills and improving literacy. And it has helped countless people, including Blowden.

Suffering from depression, Blowden never dreamed she'd have the confidence to perform at an open mic night. It wasn't until she was in her 60s that she discovered her true talents through The Comedy School, which has been able to support Blowden with her mental health through its improvisation class. To thank Keith for changing the lives of hundreds of people like Blowden through the power of laughter, we thought humour was the most appropriate way to surprise him.



'BOXING PRETTY' FOUNDER KNOCKED OUT BY SURPRISE THANK YOU

After breaking free from an abusive relationship, the feelings Gemma Price had suppressed for so long started to surface and she found herself struggling emotionally with day-to-day life. Help came from an unlikely source when work colleague Tony suggested Gemma picked up a pair of boxing gloves and hit the bag for as long as she could at the Llanrumney Phoenix Amateur Boxing Club in Cardiff that he runs. She hit the bag for an hour and years of built-up emotion came out – but in a controlled way.

That was the inspiration Gemma needed to start 'Boxing Pretty' classes at the club, where women of all ages come to get fit, make friendships and support each other. And it was a group of these other women who wanted to surprise Gemma with a thank you for all that she's done to help them build strength, mentally and physically.



INSPIRATIONAL BEN TAKES CENTRE STAGE FOR HIS SURPRISE

In 2017, Ben 'Buddy' Slack came up with an idea to help support those facing the end of their life in his local city of Leeds. The songwriter and musician's project, The Swan Song, was set up to provide terminally ill people – and those closest to them – with the opportunity to write and record their own original song.

In just two years, The Swan Song has helped dozens of people process and articulate their emotions through the power of songwriting. And so, after all the amazing work Ben's done in such a short time, we wanted to provide some of the people he's supported with the chance to say thank you. With the help of his favourite band and a crowd of his fans, we pulled off a really big surprise especially for Ben.





**FOR HER AMAZING
WORK WITH DEMENTIA
SUFFERERS**

Sarah got her first two miniature donkeys around the time her mum started showing signs of dementia. As her mum’s illness progressed, she was moved to a nursing home but, knowing how much her mum loved spending time with them, Sarah started to take the miniature donkeys with her to visit. It was during one of these visits that a member of staff asked Sarah if she could take a donkey in to see someone who wasn’t well enough to leave her room. So Sarah did – and her Miniature Donkeys for Wellbeing project was born.

Now the donkeys visit all kinds of places and events to spread the benefits of interacting with these adorable animals to as wide an audience as possible. To celebrate everything Sarah has done, we surprised her at the Aylsham Show in Norfolk, with the volunteers who work with her – and, of course, the donkeys – there to pay tribute to her hard work.



**WATCH WHAT HAPPENED
WHEN WE SURPRISED
THIS MUM AT HER
WEEKLY FOOTBALL
MATCH**

One of Ann Brown’s sons, Jonathan, loves to play football. One of her other sons, Andrew, also loves the beautiful game. However, unlike his brother, Andrew is autistic and, when he was a child, he could only enjoy a kick-about in autism-friendly environments. Unfortunately, these were few and far between when the boys were growing up in East Lothian, Scotland.

In 2016, Ann decided she wanted to make it easier for autistic children and their parents to avoid the difficulties her family had to go through. So she set up Team United, a charity that supports young people with disabilities – particularly autism – to overcome the social barriers they often face when taking part in sport. To thank Ann for her amazing dedication and tireless hard work, we surprised her by arranging for her autistic son to walk out on to the pitch at a Hibernian v Aberdeen Scottish Premier League match.

To view this year's Big Surprise videos, please visit
youtube.com/playlist?list=PLV3DqCeVRxgSrxhB8ysGIA4zeSAOW75LK



NATIONAL LOTTERY CINEMA DAY

National Lottery Cinema Day is our chance to thank our players for the massive contribution they make to UK film, and the amazing training and development opportunities they make possible for the next generation of film-makers.

Following the success of the first-ever National Lottery Cinema Day in 2018, we teamed up with the British Film Institute (BFI) and Odeon in August last year to hold the event again. To show our appreciation for their support for the UK film industry, we invited National Lottery players to see a film for free at participating cinemas on Sunday 25 August. All they needed to do was show their Lotto ticket from the previous night's draw.

It was a huge success, with over 250 cinemas nationwide taking part. Screenings were available at Odeon, Empire and Picturehouse cinemas, as well as at a range of independent local cinemas – and also at cinemas in BFI's Film Audience Network.



Nearly 100,000 players pre-registered for free cinema tickets, and were able to enjoy everything from cinematic classics and box office smash hits to new releases and National Lottery-funded titles at their local participating cinema.

Since its launch in 1994, The National Lottery has played a huge role in UK film, investing almost £1 billion into film-related projects and funding over 22,860 projects – from iconic films and education and skills programmes, to community film clubs and preserving the UK's film heritage.

In that time, National Lottery funding has supported the production of more than 500 new UK films, enjoyed by audiences at home and abroad, and attracting in excess of 100 million cinema admissions in the UK alone. And National Lottery-supported films – such as *Billy Elliot*, *Gosford Park*, *Philomena* and *The King's Speech* – have won an incredible 400 awards, including 15 Oscars, 100 BAFTAs and 29 Cannes awards, from 1,462 nominations.

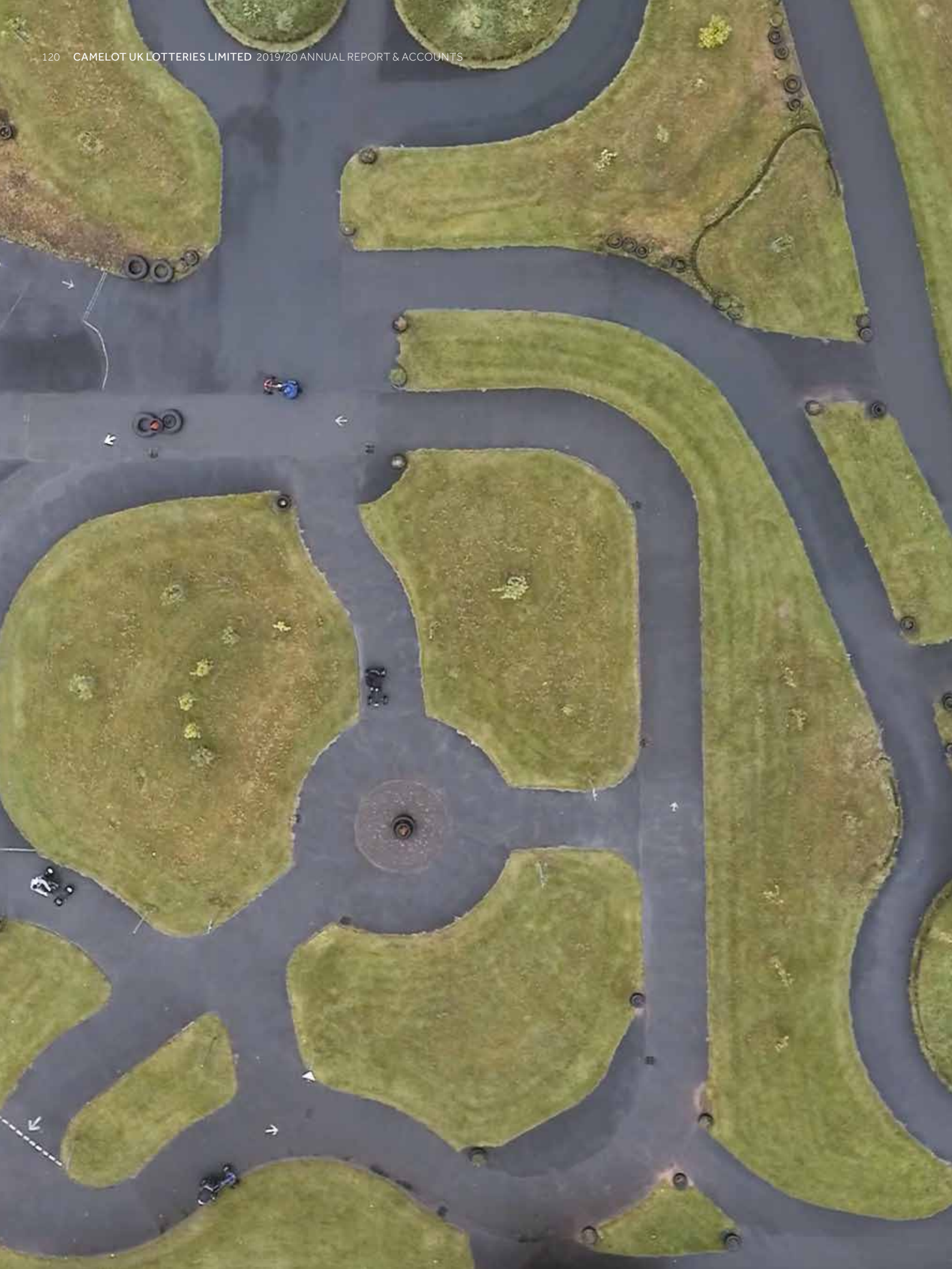


National Lottery support also enables new film-making talent to be nurtured through educational initiatives in local schools and film clubs, and through projects like the BFI Film Academy, whose programme of activities, courses and masterclasses creates opportunities for all, matching bright young production talent with some of the biggest film producers in the world.

Thanks to the skills the Academy teaches, thousands of aspiring film-makers like Maria Moss, who earned a place working on *Solo: A Star Wars Story*, have been given the chance to be part of the UK's future film industry.

“The BFI and LucasFilm did a partnership, and I managed to land a role in the Assistant Director's department. I just couldn't believe I got it; it's the biggest thing I've ever done and to tell people that *Star Wars* was my first job in film... I just wanted to call everybody!”

Maria Moss, young film-maker



THE PEOPLE'S PROJECTS 2019

A collaboration between The National Lottery Community Fund, The National Lottery, ITV and STV, The People's Projects gives the public the chance to decide how National Lottery funding can make a difference in their local community. Since its launch in 2005, the initiative has awarded around £42 million in National Lottery grants to 960 community projects across the UK.

In 2019, 95 organisations across 19 ITV regions were shortlisted for a chance to win a share of up to £3 million of National Lottery funding – with the three projects that gained the highest number of public votes in each region each receiving a funding boost of up to £50,000 to help them take their work to improve the lives of people in their communities to a new level.

FREE WHEEL NORTH

Free Wheel North (left and below) is a cycling development charity in Glasgow that enables people who have a range of additional support needs to take part in cycling activities. The project will use the £50,000 it was awarded in the STV West region to further develop its Glasgow Green Cycling Centre by creating the Free Wheel Café, a new community refreshment space made from recycled shipping containers, which will improve facilities for people who use the centre.



THE PEOPLE’S PROJECTS 2019 (CONTINUED)



KEEP WALES TIDY

The £49,910 awarded in the Wales region to Keep Wales Tidy’s Healthy Hospital Gardens project (left) will see local volunteers transform disused and unloved areas in hospital grounds into vibrant green spaces. The project will work with three hospitals throughout South Wales to create gardens with seating and flower beds – openly accessible spaces which can be used for relaxation, socialisation and rehabilitation by patients, workers and visitors alike.

THE ARDS PENINSULA FIRST RESPONDERS SCHEME

The Ards Peninsula First Responders Scheme (right) works with the Northern Ireland Ambulance Service. Responders live and work in the local community so can get to casualties in the rural area quickly, providing life-saving care until an ambulance arrives. The group will use the £50,000 it was awarded in the UTV (Ulster) region for its Hand on Heart project – allowing it to recruit and train 10 more responders, and buy equipment to deliver emergency care quickly.



FOOTPRINTS CONDUCTIVE EDUCATION CENTRE

The Footprints Conductive Education Centre in Nottingham (right) aims to enrich the lives of children with disabilities by developing their independence through teaching movement, social, cognitive and education skills. The centre will use its £50,000 award in the ITV Central East region to establish #thesekidsCAN, a new outreach project that will offer home visits and more sessions out of school hours to support the most isolated parents and children.



THE 25TH BIRTHDAY NATIONAL LOTTERY AWARDS

The National Lottery Awards mark the culmination of the annual search to find the UK's favourite National Lottery-funded projects and people. The awards, voted for by the public, recognise the achievements of ordinary people doing extraordinary things with National Lottery funding for the benefit of communities the length and breadth of the UK.

This year, the special 25th Birthday National Lottery Awards reflected our 25-year legacy, giving us a fantastic opportunity to celebrate the people and projects who, over the last quarter of a century, have made an incredible difference with National Lottery funding.

In November, projects from all across the UK came together at 2019's 25th Birthday National Lottery Awards for a glittering gala event hosted by Ore Oduba and broadcast on BBC One. The event saw a host of celebrity guests – including Hugh Bonneville, Jayne Torvill OBE and Christopher Dean OBE, John Torrode and Gregg Wallace, Sir Chris Hoy MBE, Ellie Simmonds OBE, Laurence Fox, *Strictly Come Dancing*'s Karim Zeroual and Amy Dowden, Vick Hope (pictured), Emeli Sandé MBE and Rick Astley – pay tribute to the winning National Lottery-funded projects and the amazing people involved in running them.



BACK
FROM THE
BRINK



Clockwise from top: Pine Marten ©Charlie Marshall; Ladybird Spider ©Stephen Dalton; Corn Buttercup and Narrow-Fruited Cornsalad ©Alex Hyde



HERITAGE AWARD

Back from the Brink (left)

The first of its kind, Back from the Brink seeks to save from extinction 20 of the UK's most endangered animals, plants and fungi. This ambitious programme will also benefit more than 200 at-risk species, carried out by 19 projects at more than 40 sites across England. The initiative began in 2017, and targets the conservation of species such as the grey long-eared bat, pine marten and shrill carder bee. Some projects focus mainly on the conservation of micro-habitats on which endangered creatures depend, while others focus on specific species struggling for survival. In addition to on-the-ground conservation, Back from the Brink aims to inspire others – and, so far, 60,000 people have been directly engaged with a vast range of education and conservation events.

SPORT AWARD

Wheelchair Hurling (right)

Wheelchair hurling makes the traditional Irish sport accessible to players in wheelchairs thanks to the development of Gaelic games for people with disabilities by the Ulster branch of the Gaelic Athletic Association (GAA), Ireland's largest sporting association. This has seen dedicated coaches, the provision of new clubs, additional wheelchairs so that non-disabled people can participate, and the hiring of fully-accessible sports facilities. During the four-year project, sessions were provided in regional hubs every two weeks and an Ulster provincial team was established to compete in the All-Ireland Championships. Ulster GAA has worked hard to promote awareness of the game, with a wheelchair sports roadshow for communities and schools, and a programme of family and friends' tournaments.



ARTS, CULTURE AND FILM AWARD

Sage Gateshead (right)

Fifteen years ago, Sage Gateshead transformed the cultural life of the North East and has cemented its position as a vibrant mainstay ever since. Boasting one of the most striking buildings in the region, it is a music centre deep-rooted in the North, but with an international profile. The project began as a vision to transform a vacant piece of industrial wasteland into a world-class music venue where anyone can come to enjoy and create music. This was certainly achieved, with the international music centre's programme now featuring a diverse range of music genres by local, global and emerging artists. There are music-making opportunities for people of all ages and abilities, as well as residencies offering access to experts and the chance to perform in this iconic venue.



LIFETIME ACHIEVEMENT AWARD

Baroness Tanni Grey-Thompson DBE DL (left)

One of Britain's greatest Paralympic athletes, Tanni Grey-Thompson amassed a remarkable medal haul over 16 years. Born with spina bifida, she won a total of 16 Paralympic medals during her career, including 11 golds, held over 30 world records and won the London Marathon six times. In 2005 Tanni was made a Dame for her services to sport and, in 2010, was made a life peer in the House of Lords and was conferred as Baroness Grey-Thompson, of Eaglescliffe in the County of Durham. She is also a Welsh politician and sits as an independent. As a working peer, Tanni has spoken on a range of issues including disability rights, welfare reform and, of course, sport. In addition, she chairs ukactive, a not-for-profit organisation promoting physical activity for children.



COMMUNITY AND CHARITY AWARD

Kinship Care Northern Ireland (left)

Founded in 2010 by Jacqueline Williamson MBE, Kinship Care Northern Ireland offers a wide range of services to help children in Derry/Londonderry, Antrim and Magherafelt who cannot be cared for by their own parents to live safely and securely within their own families. Jacqueline and her older sibling were raised by their grandmother but, following her death, they were taken into care. Jacqueline, whose ethos is about keeping families together, has overcome homelessness, the death of her sister and being a single mum to start the charity. Central to its work is the volunteer team, whose support means that more children affected by domestic violence, mental health issues, imprisonment of a parent, or drug and alcohol issues still get to grow up among family.

SPORTING LEGEND

Kelly Gallagher MBE and Charlotte Evans MBE (right)

Kelly Gallagher MBE is a British Paralympic skier from Northern Ireland who, with her guide Charlotte Evans MBE, won ParalympicsGB's first-ever winter Paralympic gold medal during Sochi 2014. A visually impaired racer, she competes in all five alpine disciplines with her sighted guide at speeds reaching 75mph. Kelly has a passion for helping others with disabilities, and is patron of the charity Ski 2 Freedom. In the past two years, she has been involved with social inclusion campaigns for RNIB and Sightsavers, and regularly gives inspirational talks and workshops on topics such as the life of an elite athlete and overcoming challenges. As a United Nations High Commissioner for Human Rights Ambassador, she also raises awareness of the human rights violations of individuals with albinism.



YOUNG HERO AWARD

Megan Hart (right)

Megan Hart from Derry lived in kinship care with her grandmother. But when her grandmother was diagnosed with terminal cancer, she became her primary carer at the age of 15. As well as caring for her grandmother, Megan, who is partially sighted, had to juggle day-to-day school life. Now 17, Megan says that the support she receives from fellow National Lottery Award winner Kinship Care Northern Ireland has enabled her to get on with her life and given her the opportunity to share her own inspirational story to help other young people come to terms with separation from, or the death of, their parents.



“It’s such an honour to be a part of a show which celebrates the inspirational people and projects that do extraordinary things with National Lottery funding”

Ore Oduba



SPECIAL ACHIEVEMENT AWARD

Elizabeth Burton-Phillips MBE (above)

Elizabeth Burton-Phillips MBE is well aware of the emotional toll and devastating impact that drugs can have on families – her twin sons Nick and Simon both fell prey to heroin addiction. The loss of Nick to suicide at the age of 27 prompted her to set up DrugFAM, a charity promoting drug awareness and supporting bereaved families. The project offers support and advice to families who are affected by a loved one's use of drugs and alcohol, or who have been bereaved by addiction. It works with around 3,000 families a year, and runs a telephone helpline which handles 10,000 calls annually – many of which Elizabeth has taken herself. She was honoured with the Special Recognition Award for dedicating her life to helping thousands of families across the nation.

For further details of the special 25th birthday National Lottery Awards, please see: lotterygoodcauses.org.uk/awards





Thanks to National Lottery funding, Street Football Wales was able to set up its 'Kick Some Balls' project, an initiative which works with homeless and marginalised women to boost their fitness, wellbeing and social skills.

£30 million a week

THE AVERAGE AMOUNT CAMELOT GENERATES FOR GOOD CAUSES

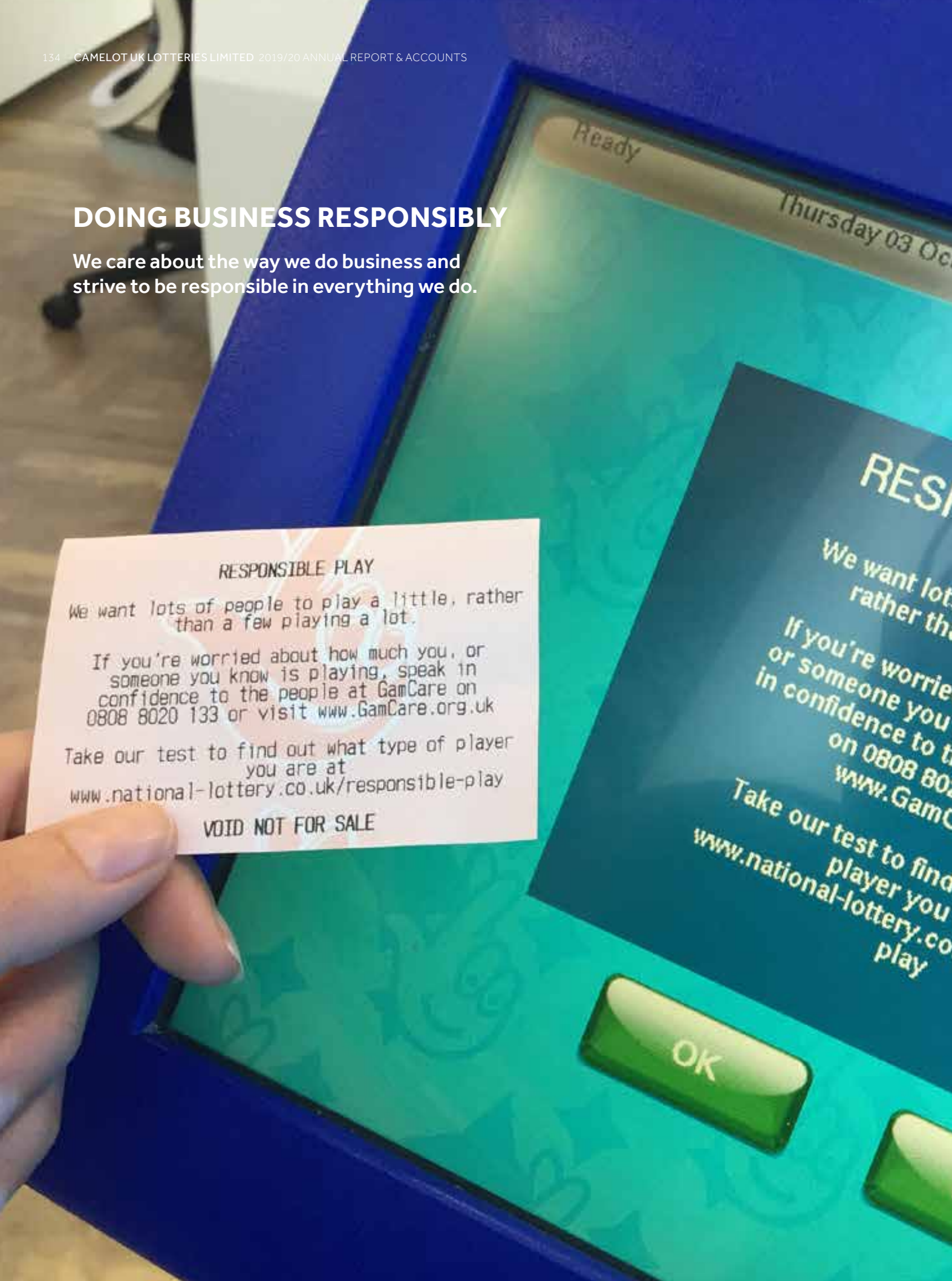
CAMELOT

RESPONSIBLE & TRUSTED



DOING BUSINESS RESPONSIBLY

We care about the way we do business and strive to be responsible in everything we do.



As the steward of a national asset, we have a duty to operate The National Lottery responsibly to ensure its sustainability for years to come. For us, that starts with our tens of millions of players. Without them, we wouldn't be able to return around 95% of every pound spent on National Lottery games to winners and society. We have a responsibility to keep our players safe by preventing underage play and playing too much.

To this end, we shifted our focus during the year from player protection to an emphasis on healthy play. We developed a new framework with four key areas – player, product, place and leadership – through which we will achieve our ambitions to promote healthy play and make The National Lottery the safest place to play.

While healthy play is a top priority, it is not the sole strand of our commitment to doing business responsibly. We're proud of the fact that corporate responsibility extends across every one of our teams and at every level of our business.

And, during 2019/20, we set out to expand our work in a wide range of areas – from the support we offer employees, the way we advise big winners and the work we do to address our environmental impact to the way we treat suppliers, the investment we make in the community and the training we offer to help identify signs of modern day slavery.

OUR CORPORATE RESPONSIBILITY FRAMEWORK

SAFE AND HEALTHY PLAY

- Be the Safest Place to Play
- Promote Healthy Play

PEOPLE

- Inclusion
- Talent, Engagement and Development

COMMUNITY INVESTMENT

- Employee Volunteering
- Charitable Giving

SUPPLY CHAIN

- Modern Slavery Act
- Prompt Payment

ENVIRONMENT

- Energy, Waste and Consumption
- Raising Internal Awareness



HEALTHY PLAY STRATEGY

We want National Lottery players to have a positive and enjoyable experience because we know that amazing things happen when lots of people play a little.

We're proud to say that around 60% of UK adults play our games and we're proud of the fact that The National Lottery is ranked just 59th in the world in terms of per capita spend, despite being the fifth largest lottery in the world in terms of sales. Both achievements underline the ongoing effectiveness of our approach in this area. (Source: La Fleur's World Lottery Almanac 2020)

We know, however, that we can't take anything for granted. Even though the inherent risk of unhealthy play associated with National Lottery products remains very low, we recognise that, because of our scale, we must continue to do everything we can to encourage and support healthy play wherever possible.

Our new healthy play strategy enables us to do this by focusing on four key areas:

Player: to prevent underage players from accessing National Lottery products, and to detect and interact with at-risk players to minimise unhealthy play;

Product: to design games that are lower risk and don't have a particular appeal to vulnerable groups, or those under the age of 16, through a rigorous game design process;

Place: to create controlled play environments, online and in retail, and promote healthy play behaviours to all players; and

Leadership: to contribute to industry working groups, take leadership roles at the European Lotteries and World Lottery Association, and achieve the highest levels of Responsible Gaming Certification and GamCare's Safer Gambling Standard.

Our employees are key to delivering the strategy effectively, so, in January 2020, we launched an internal campaign to raise awareness of our ambitions to promote healthy play to all players and to make The National Lottery the safest place to play.

The campaign succeeded in putting healthy play firmly in the spotlight. As well as creating a short film featuring employees from different departments talking about what healthy play means to them, we added complementary new content to our intranet and presented the strategy at team meetings across the business. Following the campaign, we rolled out our new healthy play training module, which all employees were required to complete and pass with a score of 80% or higher.

HEALTHY PLAY IS WHEN A PLAYER DISPLAYS FOUR KEY BEHAVIOURS:

- **Personal responsibility:** the extent to which a player takes ownership of how much they play;
- **Gambling literacy:** the extent to which a player understands how games work;
- **Honesty and control:** the extent to which players are honest with others about how much they play; and
- **Pre-commitment:** the extent to which a player considers how much money and time they intend to spend playing.



THE MINIMUM SCORE NEEDED TO PASS OUR HEALTHY PLAY TRAINING

PLAYER

PREVENTING UNDERAGE PLAY

We have a legal and moral responsibility to ensure that National Lottery products are not bought or played by anyone under the age of 16. It's therefore critical that we work closely with our retail partners – all of whom are independent of Camelot – to educate them on how and when to ask for ID, to train their staff and on how to record refusals.

Our mystery shopper programme, which we have been running since 1999, uses young people who are aged 16 or over, but who look younger, to make sure that retailers are asking for ID where appropriate and not selling to anyone under the age of 16.

If a retailer fails a mystery shopping visit, they are given additional training and support before they receive another visit. If a retailer fails a visit on three occasions, their National Lottery terminal will be suspended and is likely to be removed.

During the year, we continued with a range of measures to reinforce retailer awareness of their responsibilities. This included distributing our 'Being A Responsible Retailer' leaflet during sales visits, together with a refusal register, which enables staff to record any sales they have refused as a result of the customer not having suitable – or any – identification.

We also emphasised the importance of responsible selling and supporting healthy play through articles in our bi-monthly retailer magazine, *Jackpot*, messaging on our dedicated retailer website, during face-to-face retailer visits and in telephone calls.

As a result of the measures we have put in place, the programme once again delivered excellent results in 2019. Of the 11,600 mystery shopping visits that took place, 91% of retailers correctly asked for ID as proof of age on the first visit – exceeding our target of 90%.

Year	2015/16	2016/17	2017/18	2018/19	2019/20
1st Visit	85%	89%	91%	91%	91%
Pass Rate					



“Keeping players safe is central to how we operate The National Lottery, and we have lots of processes in place to prevent underage play and support healthy play. These results clearly show that these are working well, and have been for a number of years now”

Jenny Blogg, Retail Director at Camelot



OF RETAILERS PASSED OUR MYSTERY SHOPPER VISITS IN 2019

PLAYER (CONTINUED)

PREVENTING UNDERAGE PLAY (CONTINUED)

Our activities to prevent underage play are not limited to our retail channel. If a player wants to set up an online National Lottery account, they must go through a rigorous registration process, and pass an identity and age verification check by Experian. This enables us to ensure that the individual is who they claim to be and is legally old enough to play National Lottery games.

If somebody fails the Experian check but still wants to open an online account, they are required to post certain evidence to us. We would then review the evidence to see if it satisfies the necessary requirements. If it does, we would remove the block on the proposed account. If it doesn't, the applicant would be prevented from accessing any National Lottery products.

IDENTIFYING AND SUPPORTING AT-RISK PLAYERS

During the year, we launched our new online behavioural analytics model – Mercury V2 – which took into account learnings from our earlier models and previous player interventions. Mercury V2 includes enhanced identification of at-risk players based on their playing behaviour and considers a range of indicators of unhealthy play.

We also introduced a refreshed interventions programme, with targeted, escalating communications to at-risk players to encourage positive changes in their playing behaviour and greater use of our range of healthy play tools to help them stay in control.

In the coming year, we will continue to enhance both our behavioural analytics model and our interventions programme, looking closely at how we can identify at-risk players and engage with them even more effectively. We will also be furthering our efforts to promote healthy play in retail, including looking at new ways to best support our retail partners in feeling confident and equipped in this respect.



PRODUCT

DESIGNING OUR GAMES

Our games are designed to be both safe and fun to play – and it's widely recognised that the inherent risk of problem play associated with National Lottery products is very low.

However, we continue to take our responsibilities in this area seriously, as reflected in our decision last September to remove £10 Scratchcards from sale after our healthy play research showed that they over-indexed among problem gamblers. Although these players equate to less than 1% of all National Lottery players, our decision underlined our commitment to healthy play and ensuring that The National Lottery is the safest place to play.

Even though we are confident that National Lottery games pose a very low risk of causing harm to players, we aim to minimise this as much as possible. We do this by putting all of our games through a robust 'Responsible Game Design Process' to ensure that they are fun to play and don't overly appeal to vulnerable groups.

As part of the process, we assess the level of risk of all of our games using two tools:

- GamGard, a tool which assesses a game's structural and situational characteristics, and assigns risk levels to each one; and
- a Risk Checklist, which considers any potential risks, such as underage appeal, posed by the design characteristics of a game.

If either of these tools identifies a potential risk to players, we will modify the game to reduce the risk to an acceptable level. If the risk remains too high, we will not launch the game.

Overseeing the whole process is the Game Risk Evaluation Action Team, which is made up of representatives from key internal departments from across the business. The process is supplemented by an enhanced research and review programme for any games that are significantly new and different, while the Gambling Commission also approves all new games before they launch.

To further support the process in 2019/20, we provided relevant employees with additional training to help them develop a better understanding of product-related risks, and potential opportunities to develop safer and more sustainable games.

We also engaged with an independent research consultancy to evaluate and validate the risk factors we use in our Responsible Game Design Process. Validating our approach, the research found that the majority of factors that we use to assess our games' risk levels were relevant, especially in the case of Scratchcards and Instant Win Games. It also helped us to identify additional risk factors to consider for further investigation and integration into our game design process as it evolves.

To further promote healthy play, we ensure that all of our products include the helpline details for GamCare – the leading national provider of free information, advice and support for anyone affected by problem gambling – while a number of our products and adverts feature our 'DREAM BIG PLAY SMALL' messaging.

In addition, all of our advertising and marketing is checked to ensure that it complies with the Advertising Standards Authority's CAP Code and BCAP Code. These promote safe marketing and, in particular, the need to prevent young people under the age of 18 from being harmed by any unsafe advertising.

In the coming year, we will continue to focus on ensuring that our Responsible Game Design Process remains fit for purpose. As part of this, we will carry out further exploratory work into the outcomes of the independent review of the process that took place this year.

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GAMES WENT THROUGH THE RESPONSIBLE GAME DESIGN PROCESS DURING THE YEAR

44

EMPLOYEES COMPLETED ADDITIONAL TRAINING ON GAME DESIGN

PLACE

DREAM BIG PLAY SMALL

As part of our work to promote healthy play to all players, we launched our ‘DREAM BIG PLAY SMALL’ messaging, which reflects and reinforces our guiding principle – lots of people playing a little.

‘DREAM BIG PLAY SMALL’ first appeared in August 2019 on in-store digital media screens, on the front of draw-based games tickets, and in all of our marketing and service emails. In September, we spread the word even more widely, with the messaging included in a Scratchcard advert on national television and radio. It also appeared for the first time on in-store posters and point-of-sale material for our ‘£250,000 Birthday’ Scratchcard.

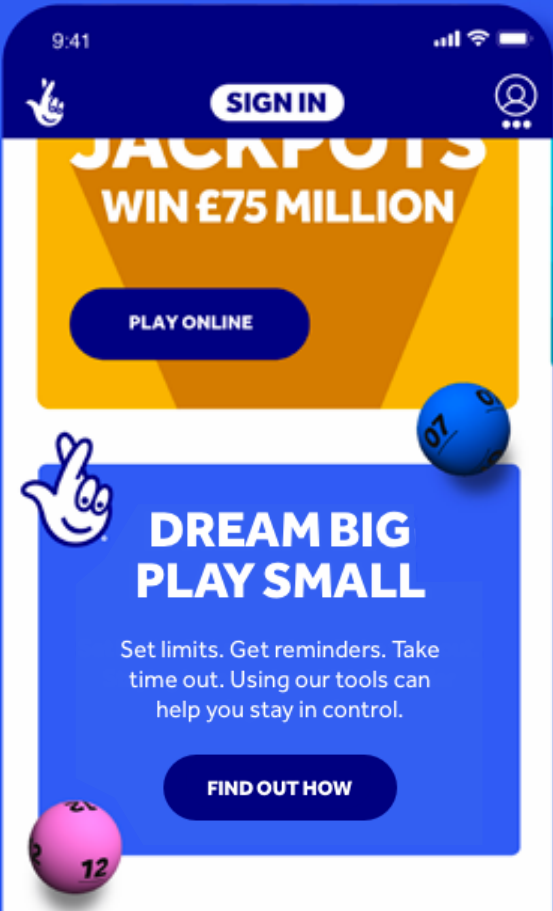
The following month, our website went through a brand transformation – with ‘DREAM BIG PLAY SMALL’ integrated across the player journey and appearing on more than 30 different pages. We also added a QR code, which links to the healthy play page on our website, to our Players’ Guide.

As a result of this work, we’ve seen a significant increase in the number of visits to the webpage.

In November, the wording was featured on our Christmas Scratchcard posters and point-of-sale material across our retail estate. And, in February 2020, we began printing ‘DREAM BIG PLAY SMALL’ on the reverse of all new Scratchcards, with the messaging due to be visible on all Scratchcards by the end of 2020/21.

Looking ahead to the coming year, we plan to roll out the ‘DREAM BIG PLAY SMALL’ message on even more of our products and in more above-the-line advertising to ensure that we are continuing to promote our healthy play message as extensively as possible.

Appearing on more than 30 pages, ‘DREAM BIG PLAY SMALL’ lives throughout our digital player journey



PLACE (CONTINUED)

HEALTHY PLAY TRAINING FOR RETAILERS AND EMPLOYEES

As well as wanting to raise awareness of healthy play with our players, we want our retailers to feel supported and confident in having conversations with customers about their play.

We therefore continued rolling out our ‘Supporting Healthy Play’ training to around 44,000 retailers. The training promotes a consistent approach on how to respond to a customer if they directly ask for help, and also provides retailers with the appropriate resources to be able to offer further information or support if they are concerned about a customer.

In September 2019, we added a new ‘Responsible Play’ button to National Lottery terminals, giving retailers the ability to print out a pink ticket – much like a Lotto or EuroMillions ticket – for players which contains details of where support is available. As a result, retailers can instantly and discreetly provide details of GamCare and The National Lottery’s healthy play webpage.

We also provided retailers with a new ‘Supporting Healthy Play’ leaflet, which outlined the key aspects of the training, and a ‘Responsible Play’ terminal sticker to remind store employees to press the ‘Responsible Play’ button if a customer asks for support with their play.

To monitor and evaluate the success of the training, our Contact Centre team has been conducting knowledge-check calls, in which retailers are asked questions on how they can support their customers to play in a healthy way and the resources available to them. The results have been very positive – we have seen an average pass rate of 87%, which is 2% higher than our target.

Creating a safe environment to play is also dependent on the ability of our employees to support players. We have therefore continued to provide additional training – including monthly knowledge checks and accreditations – to our Contact Centre employees on how to spot signs of potentially unhealthy play and how to promote healthy play more effectively.

We have also developed new onboarding sessions for Contact Centre staff, with an enhanced focus on our healthy play strategy and ambitions. In these sessions, new starters conduct reviews of conversations with players and learn how they can support them to play in a healthy way through the use of our online tools.

As we continue to make The National Lottery the safest place to play, in 2020/21 we plan to bring in problem gambling specialists and experts to further strengthen the training we offer our Contact Centre employees.

“Our ‘Supporting Healthy Play’ training is based on academic research, player and retailer feedback, and in-store studies. Crucially, the initiative enables our retail partners to take action by discreetly providing details of where players can find support, should they need it”

Alison Gardner, Head of Corporate Responsibility at Camelot

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RETAIL SALES EMPLOYEES HAVE BEEN TRAINED ON HEALTHY PLAY

100%

OF CONTACT CENTRE STAFF HAVE GAINED HEALTHY PLAY ACCREDITATION

PLACE (CONTINUED)

OUR ONLINE HEALTHY PLAY TOOLKIT

We want to support new and existing players to play in a healthy way. With over 7.5 million active registered online players, national-lottery.co.uk is Europe’s largest online lottery in terms of sales and one of the top e-commerce sites in the UK.

This platform gives us the opportunity to provide players with a range of online healthy play tools. Even though we already offer a wide selection of carefully developed, practical tools to enable our online players to manage their play – including deposit and play limits, session time reminders and transaction histories – enhancing our healthy play toolkit was a central focus for us during the year.

As a result, we added three new complementary tools to further strengthen it:

- Our ‘Budget Calculator’ tool launched in August 2019, and enables players to look at how and where they spend their money each month.
- Our ‘Spend Limit’ tool launched in October 2019 and introduced a maximum weekly spend limit of £750 per week, which includes spending with winnings and which players can lower with immediate effect at any time. At the time of its introduction, we committed to review the limit periodically. While we haven’t seen any cause for concern since October, we reviewed the limit in light of the coronavirus pandemic and took the decision to reduce the weekly spend limit to £500 as part of our ongoing commitment to healthy play.
- Our ‘Self-Assessment’ tool launched in January 2020 and gives players the opportunity to reflect on how they play. This short online quiz helps players to consider certain behaviours to ensure that playing all games – not just National Lottery games – remains safe and fun.

Although our players can already use our existing tools to take a break from playing or fully exclude themselves from all National Lottery games, we have also voluntarily joined GAMSTOP. This free gambling self-exclusion service lets people put controls in place to restrict their online gambling activities with websites and apps run by companies licensed in Great Britain.

310,636

UNIQUE PLAYERS HAVE NOW SET A HEALTHY PLAY TOOL



LEADERSHIP

CERTIFICATIONS AND ACCREDITATIONS

We strive to be leaders when it comes to healthy play and are therefore proud to have been awarded Advanced Level 2 of GamCare’s Safer Gambling Standard, a social responsibility quality standard for licensed gaming operators. It aims to increase overall standards of social responsibility practice across the industry, helping to make play safer for all.

We led and contributed to a number of industry working groups during the year, including fulfilling leadership roles with both the European Lotteries and World Lottery Association. We also continue to hold the highest level of the European Lotteries’ Responsible Gaming Standard, as well as Level 4 – the highest level possible – of the World Lottery Association’s Responsible Gaming Certification, and have been certified against both for over 11 years in recognition of our commitment to continuous improvement.

In 2020/21, we plan to achieve Advanced Level 3 of GamCare’s Safer Gambling Standard, and will repeat the assessments required to maintain the highest levels of European Lotteries and World Lottery Association accreditation for a 12th year.

We were the first lottery operator – and one of the first online gaming operators – to achieve Advanced Level 2 of GamCare’s Safer Gambling Standard for our online and retail operations

SUSTAINABLE SUPPLY CHAIN

Having a transparent and mutually beneficial relationship with our suppliers, of which we had around 700 in 2019/20, is crucial for the continuing successful operation of The National Lottery.

Our suppliers are managed on a daily basis by our Relationship Managers who are, in turn, supported by our Group Procurement Team. The majority of our expenditure with suppliers is associated with IT and marketing.

We always carry out appropriate due diligence when considering taking on new suppliers, with selections based on a range of factors: quality, completeness and scalability of service; management systems, processes and flexibility; relevant service experience and track record and social considerations; risk transfer and management; and cost and value for money.

We review our existing suppliers through a combination of periodic review meetings, surveys and audits. This ensures that our agreed terms of business and required operating standards are being implemented and delivered, which helps us as we strive to make sure that there is compliance with all relevant legislation and regulations.

Our Procurement Team also conducts an annual Supplier Conduct Review with a select subset of around 25 suppliers. The survey, which helps us to understand how our suppliers manage their own businesses, covers areas such as business ethics, supply chain management, human rights and environmental management, together with broader corporate governance issues. We analyse the responses received and measure them using a predetermined scoring system to identify where improvements can be made.

We review the survey’s format each year and update it as necessary to include relevant questions, such as our suppliers’ approach to preventing and monitoring risks in modern slavery and human trafficking.

Raising awareness of the issue of modern slavery and human trafficking continued to be a key priority for us. We communicated our commitment to preventing such practices within our supply chain to all of our suppliers and our network of National Lottery retailers, and reminded them of our standards and expectations in this area.

We also repeated relevant training to ensure that all of our employees are aware of best practice, and are able to take appropriate action to monitor and prevent any instances of modern slavery or human trafficking. We continue to prioritise our Retail Sales Team due to their supplier-facing role.

With integrity at the heart of everything we do, we wholeheartedly embrace our commitment to treating our suppliers fairly and paying them promptly in line with our agreed terms. We continue to observe our obligations as set out in our duty to report on payment practices and performance, and we are committed to working with our suppliers to ensure that we are in keeping with the spirit of the legislation.

We realise that much of what we do in running The National Lottery and raising huge sums of money for Good Causes is only made possible thanks to the excellent work carried out by our suppliers and other stakeholders. We therefore continue to seek out ways of supporting these relationships in a mutually acceptable and productive manner.

In the coming year, we will be using the Supplier Conduct Review, together with a detailed questionnaire, to gain a better understanding of our ‘tier one’ supply chain.

COMMUNITY INVESTMENT

We want all of our employees to be able to feel the impact of the life-changing good that they make possible through their day-to-day work.

Through our ‘Living Life Changing’ programme, employees can take up to two days a year to volunteer with any National Lottery-funded charity. We also have three charity partners with whom we encourage employee engagement: Watford Mencap, The Peace Hospice and The Conservation Volunteers.

During the year, over 300 of our employees dedicated 2,052 hours of their time – the equivalent of over 250 working days and an almost 70% increase on the previous year – to give something back to local communities by volunteering at a wide range of organisations.

One such organisation is The Peace Hospice in Watford, which has been providing care to support the community across South West Hertfordshire, and the wider area, for more than 25 years. In addition to supporting people at the end of their life, the charity focuses on helping people to manage their illness and empowering them to achieve the best quality of life possible.

But volunteering isn’t the only way that our employees can interact positively with communities. We offer match funding for fund-raising activities and events, meaning that employees who participate can claim up to £500 in the financial year in match funding. In 2019/20, our employees raised over £89,700 through match funding – up from £35,200 in 2018/19.

Employees also have the opportunity to sign up to the Give As You Earn payroll scheme, enabling them to donate to charity through their salary every month. In 2019/20, our employees gave over £5,200 through the scheme.

Since 2018, our employees have been donating to local food banks and, in 2019/20, they contributed more than 106kg of food and non-food items.

AS A RESULT OF THEIR VOLUNTEERING:

94%

OF EMPLOYEES FELT MORE CONNECTED TO NATIONAL LOTTERY-FUNDED PROJECTS

84%

OF EMPLOYEES FELT PROUDER TO WORK FOR CAMELOT

"Whenever we're asked to give an example of a great corporate supporter, Camelot is always at the front of our minds. Camelot has continued to support us over the last year as Purple Peace Partners. Yet again, they've gone above and beyond to support our work.

"We've had the pleasure of hosting volunteering days for many different teams at Camelot. They've supported us with many tasks, such as providing us with digital and creative support for new events, sorting stock in our retail shops, painting and tiling our creative therapy room, hosting our Christmas party for our Starlight patients – and lots more.

"Every employee we've had in to volunteer is passionate and wants to make a difference. One of our outpatients who attended our last Christmas party said: 'What a lovely day provided by the wonderful team at Camelot. Credit to all of them for making our day special, you are all very much appreciated.' We look forward to continuing to work in partnership with Camelot."

Gemma Norris
Senior Fundraising Manager at The Peace Hospice



ENVIRONMENTAL IMPACT

We are committed to minimising any negative environmental impact from our operations and, where we can, look to increase the positive impact we make. While we recognise that it is an area on which greater focus is needed, we have been making some progress.

During the year, we have made various positive changes to our office buildings. For example, we have stopped purchasing single-use plastic cutlery and provide only reusable metal cutlery; we have removed all single-use plastic cups from drinks points; and we have switched to biodegradable takeaway food containers. To encourage greener behaviour, we offer employees a discount when they buy coffee using a reusable mug and we have also continued to replace standard light bulbs with more efficient LED ones.

We’ve also been working hard in our distribution centre, investigating and implementing more environmentally friendly alternatives to our product packaging. In 2019/20 we were able to change the bags used for Scratchcard packaging to a product that clearly displays that it is both fully recyclable and only manufactured from recycled material.

In addition, the cardboard boxes used to post our Scratchcards now clearly show that they are fully recyclable and carry the FSC stamp. Throughout the coming year, we will continue to look for greener alternatives to the rest of our packaging products.

As part of our work to raise greater awareness of environmental issues, we took part in World Environment Day in June. This saw us run a companywide campaign on effective recycling and waste management, as well as host a large-scale volunteering event where employees were able to take part in an environmental activity with one of our charity partners, The Conservation Volunteers.

Using a three-stage approach – research, engagement and design – we are now in the final phase of developing a new environmental strategy with four key focus areas: energy, waste, responsible production and consumption, and engagement. The strategy, which we are planning to launch in 2020/21, will play a key role in helping us to further reduce our environmental impact.

OUR TOTAL CARBON FOOTPRINT IN 2019/20 WAS CALCULATED AT 2,293 TCO2E

Activity	Energy (kWh)	Emmissions (tCO2e)
Scope 1 Total		957
Natural Gas	1,553,597	286
Company Cars	2,804,831	671
Scope 2 (Location-Based) Total		1,214
Electricity (Location-Based)	4,749,334	1,214
Scope 3 Total		122
Hire Cars	127,002	19
Personal Vehicles	432,325	103
Total	9,667,089	2,293
Emissions per £million of gross ticket sales (tCO2e)		0.29
Water (M3)		18,663.14 M3

INFORMATION SECURITY

The increasingly digital world in which we operate provides exciting opportunities – but it also brings a degree of risk.

In an age when cyber-attacks are commonplace, it is vitally important that we try to stay one step ahead, and keep customer and employee data secure. With increased focus on, and regulation of, personal data, we must also ensure compliance with all relevant legislation.

During the year, we continued to follow rigorous security standards and underwent regular independent audits. We successfully maintained compliance with the ISO27001, WLA:SCS and PCI-DSS standards.

We chaired the World Lottery Association’s Cybersecurity Working Group, the EuroMillions Security Working Group and played a key role in government-run industry threat intelligence schemes, such as The National Cyber Security Centre’s ‘Industry 100’. The year also saw us deploy a compliant cookie consent mechanism on The National Lottery website.

Our data protection programme continues to evolve and mature. To this end, we have updated our ‘Data Protection’ and ‘Data Retention’ policies, as well as our ‘Employee Privacy Notice’, and have also revised our ‘Data Privacy Impact Assessment’ form.

WORKING IN PARTNERSHIP

Working in collaboration with others helps us to keep learning, and challenges us to do even better.

Our Head of Corporate Responsibility chaired the World Lottery Association Responsible Gaming Working Group and is a member of the European Lotteries CSR and Responsible Gaming Working Group.

Participating in these groups allows us to spot emerging trends and highlight best practice, as well as work together to tackle some of the most pressing issues facing vulnerable customers.

We also work with a number of other organisations which help to shape our thinking, including:



Business in the Community – The Prince’s Responsible Business Network – is a business-led membership organisation made up of businesses that understand that the prosperity of business and society are mutually dependent. Through participation in Business in the Community’s groundbreaking campaigns and programmes, businesses can collaborate and help to bring about lasting change on a wider scale that benefits both business and society.



The European Lotteries is the umbrella organisation of national lotteries across Europe. It promotes responsible and sustainable gaming, and provides a proactive and strategic forum for reflection, discussion and collaboration between members.



The Advisory Board for Safer Gambling aims to achieve a Great Britain free from the consequences of gambling-related harms. It acts as the Gambling Commission’s expert advisor, and sets the National Strategy to Reduce Gambling Harms and the priorities for research, education and treatment.



The World Lottery Association is a member-based organisation that seeks to advance the interests of state-authorised lotteries.

SUPPORT FOR WINNERS

Under our licence to operate The National Lottery, we have a duty of care to ensure that winners are able to retain their right to anonymity at all times. This means that, unless we have written consent from a winner agreeing that they are happy for us to share news of their win, we will not release any details that could potentially compromise their anonymity.

As well as being a time of extreme excitement and happiness, winning a sudden substantial sum of money can, for many people, be an overwhelming and emotional experience.

We have a dedicated Player Services Team comprising Winners' Advisors who are responsible for providing the very best winning experience, and we have a huge support network in place to enable us to do this – including private banking, financial and legal advice, life-coaching and a bespoke concierge service.

During the year, our Winners' Advisors paid out, advised and supported more than 800 high-tier prize winners. The team has also been working with a life coach and is now able to offer one month's coaching funded by Camelot for winners of over £3 million. The life-coaching initiative helps winners to manage and understand the changes that a National Lottery win might make to their lives, and provides guidance and tips on how to deal with them.

Alongside the coaching, we produced a 'Winner Wellbeing' booklet, which is given to all of our winners at their validation appointment. The guide has been designed to help people with the sudden changes a win can bring. It includes an illustration of 'the change curve', which helps to demonstrate the different feelings and emotions that people can expect following any big change in their lives, with particular focus on the changes brought about by a large National Lottery win.

We also worked closely with a concierge company to help big winners with anything they need. The confidential service has been able to help our winners with a whole range of experiences that they previously never would have thought possible.

And, in November, we were able, for the first time, to bring together a group of anonymous winners to share their experiences and meet our life coach. Following the hugely popular session, we received very positive feedback:

"It was really good to be able to speak to people who had the same luck."

"You couldn't have brought it more to life!"

"It's been so worthwhile. Please make Camelot do it again."

Following the success of the event, we are planning to hold another life-coaching session for anonymous winners. We will also be exploring new ways of working to enhance the winning experience further, so that we continue to help and support all of our winners in the very best way possible.



EXPERIENCE & EXPERTISE

A photograph of two men in a workshop or studio environment. The man on the left is smiling and looking towards the right, wearing a maroon hoodie with 'Loughborough University' printed on it. The man on the right is looking upwards and to the left, wearing a grey patterned sweater. The background is a wooden wall with large, raised letters spelling out 'STAR' and 'FERRE'.

OUR PEOPLE

We want Camelot to be a place where our people can thrive – a life-changing place to do life-changing work.

It's really important to us that we have a diverse and inclusive workforce who feel proud about the work they do, valued in their roles and engaged to be their best. Through our people strategy, we work hard to create a culture, environment and processes that are inclusive, do everything we can to make all staff feel that their voice is heard, and continuously look at how we can enhance our employee offering.



EMPLOYEE FORUM

Our Employee Forum is a group of passionate, dedicated people from across the business, who have been elected by their peers to represent their views about all aspects of working for Camelot and to get answers to any questions staff may have.

Forum members represent seven constituencies – ensuring that every department across the business has at least one representative. During the year, the forum held fresh membership elections, which saw a number of new members join, and the appointment of a new Chair and Deputy Chair.

The forum enables employees to voice any concerns they may have, feed back on any changes happening within the business, and share new ideas – all with a focus on providing a channel of communication between staff, managers and our Executive Team.

Chaired by a member of the Executive Team, the forum discusses current topics or issues, seeks to resolve any problems and, where possible, makes improvements to major company policies that affect employees – all with the aim of ensuring that staff feel heard in decisions or issues that affect them. In addition, Jennelle Tilling, one of Camelot's independent non-executive directors, has specific responsibility for engagement with employees.

As well as continuing to represent employees, the forum will play a key role in a number of recognition events that are planned to take place in the coming year.



EMPLOYEE ENGAGEMENT

It’s really important to us to know how our people feel about working for Camelot and one of the ways we gauge this is through our annual employee engagement survey.

At the end of 2019/20, 88% of our employees took part in the survey, giving us their views on, among other things, what it’s like to work at Camelot, our culture and values, diversity and leadership. We were delighted to see that our overall engagement score has increased to 90% – our highest-ever level and a 7% increase on the previous year’s figure.

It was particularly pleasing to know that our life-changing purpose remains so important to our employees, with 95% of staff telling us that they are proud to work for the company and 92% stating that they would recommend Camelot as a good place to work.

Given these uncertain and challenging times, it was also great to see that so many employees feel so supported in their work. Over 90% told us that they understood the steps we’ve been taking to ensure their health and wellbeing at work, as well as being satisfied with the flexible working arrangements that we have put in place.

Following on from the feedback received in 2018/19’s survey, we worked hard during the year to make improvements. For example, we’ve enhanced our people experience – refreshing our onboarding programme to ensure that our new joiners get the best possible start to life at Camelot; launching a programme of work to promote positive mental health; and establishing employee networks to help people connect and ensure that Camelot is a place where they can be themselves.

We refreshed our recognition platform – ‘Thumbs Up’ – a peer-to-peer scheme which enables employees to recognise colleagues who live our values. Over 3,000 ‘Thumbs Ups’ were awarded during the year.

We also carried out more work to better connect people to our unique purpose – from having guest speakers from National Lottery beneficiaries telling us how the funding has changed their lives, to hosting events like the Big Lunch, the UK’s annual celebration for neighbours which is made possible by National Lottery funding and brings communities together to share food, have fun and get to know each other.

In addition, we continued our successful series of ‘getting to know the Exec’ sessions, to help employees feel better connected to the Executive Team.

Looking ahead, we want to build on the improving levels of engagement that we’ve seen this year. With so many staff completing the survey, we’re confident that the results provide an accurate indication of how our people are feeling – but we realise that we have more work to do.

We’ll therefore be looking in detail at all of the areas for improvement that were identified in the survey, and building action plans at team and departmental levels to make sure that we address them over the coming months.

To cap a remarkable year, in February Camelot was officially placed 35th in The Sunday Times Best 100 Mid Companies 2020. We were awarded a ‘3 Star’ accreditation – which is Best Companies’ highest standard of workplace engagement, representing organisations that truly excel and have ‘extraordinary’ levels of workplace engagement.



“Nigel Railton, the chief executive, leads the organisation based on sound moral principles and inspires his team. Staff are happy with their work-life balance and feel they can make a valuable contribution to the success of the business”

The Sunday Times

Employee engagement up 7%:

2019/20	90%
2018/19	83%





EMPLOYEE DEVELOPMENT

We strive to offer opportunities to learn every day and have continued to run an exciting programme of learning aimed at offering development for all throughout the year.

As part of this – and to keep everyone excited and inspired about learning – we punctuated the year with high-energy ‘Learning Weeks’, which saw over half of our employees attending at least one session. Each week was planned and themed in line with key events that resonate with us as a company – for example, our Learning Week in September was themed around National Inclusion Week.

During these events, we offer a variety of short learning sessions around four key themes: leadership for all, wellbeing and inclusion, tools for growth and business essentials. There’s something for everyone – from those who want to progress their careers to those who just want to take time out to learn something new.

For example, we’ve run sessions teaching people how to knit, how to be more creative through drawing and how to supercharge their ‘side hustles’. These run alongside more traditional sessions, such as how to give great feedback and finance basics. We always try to design these sessions so that home and remote workers can also join – for example, by using a video link.

Wherever possible, we also look to use the existing skills and expertise within our business to run the sessions, which gives the week a real home-grown feel and connects people to subject matter experts around the company. At our last event, over 50 people were involved – from facilitating events and arranging the technology to managing the bookings.

Under our ‘Master Coach Programme’, we have trained more than 10 employees to be master coaches. This allows us to be able to offer one-to-one coaching to anyone in the company, and it’s open to any job grade and any business area.

Last year, we wrote about our plans to use the Apprenticeship Levy to build a development programme for employees. We successfully launched the pilot in 2019/20, with 25 people enrolling on the programme. Off the back of this success, we will be launching ‘Lead Your Way’, an apprenticeship partnership with local partner West Herts College, with 22 people selected to take part as part of their development. In addition, we have four other employees currently carrying out specialist apprenticeships.

We have continued our partnership with LinkedIn Learning to ensure that we are offering employees a flexible learning option that enables them to develop their skills and knowledge at their own pace. We have also established a partnership with getAbstract, the world’s largest library of business book summaries, to offer further flexible ways for our people to learn.

In January 2020, we launched the Camelot Cinema Club to help engage our employees by hosting exclusive talks by the London Business Forum. The two sessions to date have been very successful, with over 120 attendees, and we are now looking to run these remotely in the future to encourage even greater participation.

We also changed our approach to employee performance during the year. We replaced the previous bi-annual review process to enable us to focus on a more continuous approach to performance, with quarterly check-ins designed to review objectives and development more regularly.

And we launched the ‘Camelot Playbook’ to help support these regular check-ins. The Playbook was designed to provide guidance for all employees on being the best they can be, with the narrative built on our core company values. These are open and transparent, and provide the detail needed not only for how employees can succeed in their current role but what they can expect of their peers, those who they may lead and those whose lead they may follow.

DIVERSITY AND INCLUSION

Just as our players are from diverse backgrounds and communities, so are our employees. We value a culture that embraces difference and enables people to be themselves, to participate fully and to meet their full potential.

Whatever their age, ability or disability, sex, racial/ethnic background, religion or culture, sexual orientation, gender identity, marital or parental status, our employees are important to our success – and we’re pleased with the progress we’ve made over the year.

Building on our Women’s and LGBTQ+ networks, we are also planning employee networks to celebrate parents and culture, and have sponsored external events such as Watford Pride to support our own Camelot LGBTQ+ network and to highlight our role as an inclusive employer.

In November 2019, we asked employees to volunteer their diversity data to help us build a picture of how diverse we are as an employer in order to shape our future plans in this area. We’re also pleased to report that, in our annual employee engagement survey, 85% of our employees felt that Camelot is a place where they can bring their whole self into work. While we know that there is still more work to do, this gives us a great base from which to build – starting with a new, more detailed diversity and inclusion policy which we launched in June 2020.

As part of our Learning Weeks, we ran unconscious bias training sessions, which were themed around National Inclusion Week. Our Executive Team attended a session facilitated by an external partner which specialises in unconscious bias and inclusive leadership. And we created TED talk-style videos to address bias in hiring, as well as piloting blind CVs as part of our recruitment process for a leadership role in December 2019.

As at 25 June 2020, 50% (four of the eight members) of the Board are female, compared with 14% (one of seven) as at 1 April 2018 and 38% (three of eight) as at 27 June 2019. Similarly, as at 25 June 2020, 25% (three of the 12 members) of the Executive Team are female, compared with 23% (three of 13) as at 1 April 2018 and 27% (three of 11) as at 27 June 2019. The gender balance of those in senior management (ie the Executive Team and their direct reports from grades 3 to 5) was 64/36% male/female as at 11 May 2020, consistent with 64/36% as at 1 April 2018 and 64/36% as at 30 May 2019.

GENDER PAY GAP

We want all of our employees to be able to feel the impact of the life-changing good that they make possible through their day-to-day work.

Based on our payroll in April 2019, we had a mean gender pay gap of 22.4% and a median gender pay gap of 24%. And, based on bonuses paid in the year to 5 April 2019, we had a mean gender bonus gap of 63.8% and a median gender bonus gap of 27.5%.

As detailed in previous reports, when analysing our gender pay gap figures, the first and most important fact we established is that men and women at Camelot are paid equally for equal work. All roles are benchmarked for grading and salary purposes against an independent source of general industry pay data, so pay disparity is not a contributory factor.

Our gender pay gaps continue to be primarily driven by the gender mix of our employees – with more women in the lower-paid job grades and more men in the higher-paid job grades. This is down to various environmental factors, including the fact that certain departments employ more men than women and that the majority of our part-time employees are women.

However, we are pleased to report that we have seen an improvement in the vast majority of our figures for 2019/20 – with reductions in our mean pay and bonus gaps, and a reduction in our median bonus gap. In addition, we’ve seen an increase in the percentage of women working in our higher-paid job grades, while an equal proportion of women and men received a bonus payment in 2019.

This gives us confidence that some of our long-standing measures, combined with a number of initiatives we have introduced over the last couple of years, are continuing to have a positive impact. Although there is more work to do, we remain fully committed to reducing our gender pay gaps over the long term and promoting gender diversity at all levels across the company – and, in the coming year, we will look to build on the encouraging progress that we’ve made to date.



OUR VALUES

Our values underline what we stand for as a business. They set out what is important to us and the behaviours that employees should demonstrate. They guide our actions and decisions, and provide a framework for us to talk to each other about how we behave. We continue to encourage all of our employees to live our values in their day-to-day work.

DELIVERING TOGETHER

We make extraordinary things happen every day. We know we get the best results when we work together – sharing knowledge and expertise, and building trust.

OPERATING WITH INTEGRITY

The nation can count on us to take care of The National Lottery because we do what’s right.

TAKING OWNERSHIP

What we do matters. We make an extraordinary contribution to the nation, and we take great pride in doing the best work possible.

THINKING DIFFERENTLY

To make extraordinary things happen, we challenge ourselves to innovate and do better every day.

CELEBRATING SUCCESS

At the heart of The National Lottery are optimism, celebration and giving. We bring that spirit to life in our work.

OUR BOARD

At 31 March 2020, our Board comprised eight members: the Chairman and Deputy Chairman, three further independent non-executive directors, one non-executive director (an officer of Ontario Teachers' Pension Plan) and two executive directors (the Chief Executive Officer and Chief Financial Officer).

SIR HUGH ROBERTSON KCMG PC DL

Chairman

Sir Hugh was appointed as the Chair of Camelot in June 2018. He is independent of Ontario Teachers' Pension Plan and was independent at appointment. He is also Chair of the British Olympic Association, an organisation he helped lead to its largest-ever medal haul at the Rio 2016 Olympic Games and to its largest-ever medal total at a Winter Olympic Games in PyeongChang in 2018.

He served in Parliament from 2001 to 2015, doubling his majority at both the 2005 and 2010 general elections. He was Minister for Sport and the Olympics during London 2012, an event widely described as the finest Olympic and Paralympic Games of modern times.

He was subsequently Minister for the Middle East, North Africa and Counter Terrorism at the Foreign Office, taking part in the Kerry Middle East Peace Process and the Geneva Peace talks, as well as many other major international negotiations.

Prior to entering Parliament, he worked at Schroder Investment Management and served in the army, seeing active service in Northern Ireland, Cyprus, the first Gulf War and Bosnia. He was made a Privy Counsellor in 2012 and, subsequently, knighted for his work on London 2012 and in the Middle East.



OUR BOARD (CONTINUED)



ROBERT WALKER

Deputy Chairman & Senior Independent Director

Robert is currently Chairman of Busy Bees Holdings Ltd. He has an extensive track record of chair positions at large public companies, with recent appointments including Chairman of Ei Group, Travis Perkins, WHSmith, BCA Europe and Williams Lea.

Robert started his career at Procter & Gamble before moving to McKinsey & Company. He then went on to spend more than 20 years at PepsiCo, where he was responsible for the company's beverage businesses in Europe, the Middle East, Africa and Asia, before moving to Severn Trent from 1999 to 2005 – holding the position of Group CEO from 2000 to 2005. He has also held a number of non-executive director roles at a wide range of companies. These have included Wolseley, BAA, Tate & Lyle, Signet Group and Thomson Travel.



NIGEL RAILTON

Executive Director

Nigel was appointed Chief Executive Officer (CEO) of Camelot UK Lotteries Limited in 2017, having previously been CEO at Camelot Global. He leads the Executive Team and has overall responsibility for the company's day-to-day operations, and the implementation of its strategies and policies, as it seeks to raise as much money as possible for Good Causes. Nigel joined Camelot in 1998 as Financial Controller and became Finance Director in 2003, later joining Camelot's Board in 2006.



JANE ROWE

Shareholder-Nominated Non-Executive Director

Jane is Executive Managing Director and head of Ontario Teachers' Pension Plan's (OTPP) Equities department. Comprised of Private Capital and High Conviction Equities, the department's mission is to deliver growth through investment in both private and publicly-traded entities.

Jane sits on the Investments and Risk Committees of OTPP, and chairs the Equities Underwriting Committee. She serves on the boards of Cadillac Fairview, OTPP's wholly-owned real estate subsidiary, and TD Bank Group.



JO TAYLOR

Shareholder-Nominated Non-Executive Director

Jo was appointed President and CEO of Ontario Teachers' Pension Plan (OTPP) on 1 January 2020. Previously, he was Executive Managing Director responsible for OTPP's international expansion.

Jo has more than 35 years of investment experience, including over 20 years with 3i Group plc, an international private equity and infrastructure investor. He has been the Chairman or non-executive director of numerous private and listed company boards in that time, including more recently Standard Life European Private Equity Trust plc, Kainos Group, ISS, Burton's Biscuits and Helly Hansen. Jo holds an MBA from Manchester Business School and a BA (Honours) from London University.

Jo stepped down from the Board in December 2019.



CLARE SWINDELL

Executive Director

Clare joined Camelot in 2017 as Chief Financial Officer (CFO) and was appointed to the Board in September 2019. She joined the company from dunhumby, where she was Group CFO for three years and led a number of key projects, including a major finance transformation programme. Prior to dunhumby, Clare had a successful and varied career at Tesco – with over 17 years in both finance and operational roles, including positions in strategy and commercial, CFO for Tesco.com and Group Audit Director.



ROB ROWLEY

Independent Non-Executive Director

Rob joined Reuters in 1978 where he held various senior management positions, including Finance Director from 1990 to 2000. He retired as a director of Reuters Group plc in December 2001. Rob was previously Executive Deputy Chairman of Cable & Wireless plc, and a Non-Executive Director and Audit Committee Chairman of Taylor Wimpey plc, Moneysupermarket.com Group plc, Morgan Advanced Materials plc, Intu Properties plc and Prudential plc.

He was also Non-Executive Director, Senior Independent Director and Chair of the Audit Committee at Greene King plc.



JENNELLE TILLING

Independent Non-Executive Director

Jennelle has over 25 years' consumer marketing, digital and innovation experience with leading global FMCG and food retail brands. She spent over 18 years working for Yum! Restaurants International in a variety of senior marketing roles – culminating in her serving as the Global Chief Marketing Officer for KFC, responsible for the company's marketing, communications, innovation, digital presence and reputation in over 125 countries.

Jennelle is the Founder and Chief Brand Strategist at London-based brand consultancy Marketing with Insight, and is a Fellow of The Marketing Society and a member of the Marketing Group of Great Britain. She is a member and Past President of Women in Advertising and Communications London, and a mentor to The Marketing Academy. Jennelle also holds non-executive director roles at Shaftesbury PLC and Butchies, and is a Board Advisor for Capdesia and Duke.



GILL WHITEHEAD

Independent Non-Executive Director

Gill joined the Board in May 2019. She brings expertise in digital, data analytics, and consumer and customer insight, latterly at Google where she spent four years as Senior Director, leading their Client Solutions & Analytics and Market Insights teams. She is currently conducting research at Oxford's Internet Institute into the uses of data and AI in business.

Prior to joining Google, Gill was an Executive Committee Member, and held roles as Director of Audience Technologies & Insight and Director of Strategy & Corporate Development, at Channel 4 Television Corporation. Prior to that, she held a number of senior executive roles at the BBC.

Gill is currently a Non-Executive Director at Informa plc, and is a former Non-Executive Director at the Financial Ombudsman Service and at YouView Television Limited. She started her career at the Bank of England and then Deloitte Consulting, and is a Fellow of the Institute of Chartered Accountants and a graduate in Econometrics.

OUR EXECUTIVE TEAM

Our Executive Team, led by the Chief Executive Officer, maintains management responsibility for the company's day-to-day operations, and the implementation of its strategies and policies, as it seeks to raise as much money as possible for Good Causes.

NIGEL RAILTON
Chief Executive Officer
Nigel was appointed Chief Executive Officer (CEO) of Camelot UK Lotteries Limited in 2017, having previously been CEO at Camelot Global. He leads the Executive Team and has overall responsibility for the company's day-to-day operations, and the implementation of its strategies and policies, as it seeks to raise as much money as possible for Good Causes. Nigel joined Camelot in 1998 as Financial Controller and became Finance Director in 2003, later joining Camelot's Board in 2006.



CLARE SWINDELL
Chief Financial Officer
Clare joined Camelot in 2017 as Chief Financial Officer (CFO) and was appointed to the Board in September 2019. She joined the company from dunnhumby, where she was Group CFO for three years and led a number of key projects, including a major finance transformation programme. Prior to dunnhumby, Clare had a successful and varied career at Tesco – with over 17 years in both finance and operational roles, including positions in strategy and commercial, CFO for Tesco.com and Group Audit Director.



NEIL KELLAR
Chief Information Officer
Having previously worked for Camelot from 2003 to 2016 – including nine years as IT Director – Neil re-joined the Executive Team in 2017 as Chief Information Officer and also has additional responsibility for a number of Business Operations functions, including the Contact and Distribution Centres, Facilities, and Draw and Winner Services. Neil's earlier career saw him work at a number of blue chip companies, including HSBC, Penguin Books Publishing Group and Daimler Chrysler.



NEIL BROCKLEHURST
Commercial Director
Neil joined Camelot's Executive Team in 2018, and manages the company's commercial function with responsibilities including e- and m-commerce, draw-based games and Instant portfolio management, and management of the retail and transformation functions. Prior to that, he was Managing Director of Camelot Global, where he ran both the European and North American businesses. Neil was also a key part of the team that successfully secured the contract to become the private manager of the Illinois Lottery.

OUR EXECUTIVE TEAM (CONTINUED)



RACHEL KING
People Director

Rachel joined Camelot as People Director (previously Group HR Director) in 2016 and is responsible for leading the company's people strategy. Prior to joining Camelot, she spent a number of years in senior HR roles in the media sector, including Group HR Director of Trinity Mirror and HR Director at Hearst Magazines. Rachel has led the HR functions of a number of organisations, helping their business models to evolve following significant changes in technology and consumer behaviour.



KEITH MOOR
Chief Marketing Officer

Keith joined Camelot in 2019 as Chief Marketing Officer (CMO), and is responsible for the company's marketing and brand activities. He also has additional responsibility for Customer Experience and Corporate Social Responsibility, including healthy play and player protection. Prior to joining Camelot, Keith worked for Santander for 24 years in a number of key marketing roles – most recently as CMO – and was a member of its UK Executive Committee.



MATT RIDSDALE
Executive Director

Matt joined Camelot in 2017 and leads the Corporate Affairs department, which is responsible for enhancing and protecting the reputation of Camelot and The National Lottery, and engaging with key stakeholders. Matt was previously joint CEO of Tavistock, a leading communications consultancy, where he led the team in advising companies and individuals on strategic corporate and financial matters.



GABY HEPPNER-LOGAN
Director of Regulatory Affairs

Gaby joined Camelot in 2018, and is responsible for leading the Regulatory Affairs function and relationship with the Gambling Commission. She has extensive experience in regulatory and corporate affairs in telecoms, and was BT Group's Regulatory Director for seven years. Prior to this, Gaby led marketing, communications, employee engagement and CSR teams at Openreach, BT and Cable & Wireless.



JOHN DILLON
Legal Director and
Company Secretary

John is a solicitor and joined Camelot in 1998 as a Legal Adviser, becoming Deputy Head of Legal in 2004, Head of Legal in 2009, Company Secretary in 2010 and Legal Director in 2012. As Legal Director, John is responsible for Camelot's legal strategy, which includes ensuring that all Camelot Group companies receive the necessary legal advice to identify and mitigate all material legal risks associated with their operations. As Company Secretary, he is responsible for advising the Board on all governance matters and other administrative duties relating to the Board, its Committees and the company's compliance with company law requirements.



MIKE O'DONOHUE
Chief Data Officer

Mike joined Camelot in 2016 and has spent over 20 years working at the intersection of strategy, behavioural science and advanced analytics – and is passionate about the power of data science to reshape customer experience and organisational decision-making. As Camelot's first Chief Data Officer, Mike has made data a Board-level priority, elevated data-driven decision-making to be a core operating principle, and developed a big data and advanced analytics strategy. He previously worked at British Gas, Tesco, and McKinsey & Company.



TIM HALDENBY
Chief of Staff

Tim joined Camelot's Finance team in 2000 and has worked on a number of key projects, including the successful bid for the third National Lottery licence and the sale of Camelot to Ontario Teachers' Pension Plan in 2010. In 2014, he joined Camelot Global as Head of Strategy before re-joining the UK business in 2018 as Chief of Staff, responsible for ensuring that the Executive Team successfully delivers Camelot's plans.



ANDY NICE
Transformation Director

Andy joined Camelot in 2017 to shape and implement its Operational Excellence programme, which has successfully delivered a series of enhancements across a wide range of business functions. He became Transformation Director in 2017, responsible for devising and managing the company's Strategic Delivery Plan – a three-year initiative aimed at delivering further improvements across the business, including commercial developments, retail growth and integrity.

INTEGRITY

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STRATEGIC REPORT

The directors present the Strategic Report of Camelot UK Lotteries Limited (the ‘Company’ or ‘Camelot’) for the year ended 31 March 2020.

Business Review

Camelot delivered a third successive year of growth, with gross ticket sales growing by £698.3m (9.7%) to £7,905.1m. Returns to Good Causes were also in significant growth versus the prior year, increasing by £198.4m (12.0%) to £1,853.1m. Growth over the year was primarily driven by digital channel growth, especially across online Instant Win Games, an exceptional EuroMillions roll series and the launch of Set For Life.

During the year, Camelot successfully delivered a number of key initiatives, in line with its strategic plan, including:

- the launch of its ‘Your Numbers Make Amazing Happen’ brand campaign;
- the launch of the new annuity game, Set For Life, into The National Lottery portfolio;
- the further embedding of enhancements to Lotto, introduced in November 2018;
- the implementation of community-wide changes to EuroMillions to deliver bigger jackpots more quickly and more special promotional draws, in order to give players the best possible experience; and
- an array of UK-wide activity to celebrate The National Lottery’s 25th birthday, including events, special edition Instant Win Games and draws, and a bespoke advertising campaign.

Following the significant investment in the Retail Sales Team made in the previous year, Camelot continued to focus on delivering excellence in retail and, as a result, maintained retailer engagement and saw the highest-ever levels of ‘in-store’ standards. The Company continues its roll-out into new retail distribution channels, including discounters (Aldi), self-checkout (Asda) and a successful ongoing trial with Iceland. The retail channel also delivered its second year of consecutive growth, with total in-store sales of £5,447.6m (2019: £5,373.3m), an increase of £74.3m. This bucks the macro trend and is significantly ahead of sales targets.

The Company also benefited from significant growth across its digital channels, with total sales growing by £624.0m (34.0%) to a record £2,457.5m (2019: £1,833.5m). The National Lottery now has an active player base of more than 7.5 million players. As part of the growth over the year, Camelot grew mobile sales to an all-time high of £1,605.5m (2019: £1,019.5m), with sales through mobile web and apps growing 57.5% and both delivering record-breaking sales levels. The National Lottery website and apps have also undergone full refreshes, with a new look and feel making them more user-friendly and engaging.

This year’s sales have also been positively impacted by another record sales year of £3,368.0m across The National Lottery’s range of in-store Scratchcards and online Instant Win Games (2019: £3,125.0m), following improvements to give people greater choice with a wider selection of differently priced products with varying themes. This is also despite the removal of the £10 price point in the Company’s Scratchcard range in September 2019. This decision was taken after the Company’s healthy play research showed that these games over-indexed among problem gamblers. This action underlines Camelot’s commitment to healthy play and ensuring that The National Lottery is the safest place to play.

This year’s sales results include the impact of the beginning of the COVID-19 pandemic and 11 days of lockdown in March. While it is too early to say with certainty what the medium to longer-term effect of the coronavirus outbreak will be on the Company’s overall sales, thanks to the solid foundations that Camelot has put in place over the last three years and the speed at which it has been able to respond to the changing situation, sales are currently proving resilient with the business adapting and continuing to adjust well.

Strategy and Outlook

Camelot’s mission is to change lives – of the winners created through its games, and the people and projects supported by National Lottery funding. The Company achieves this through growing sales in a socially responsible manner, which, under the aligned model set out in the third licence, maximises returns for National Lottery Good Causes and for Camelot’s shareholder.

However, the Company’s strategy aims to achieve objectives beyond sales growth and maximising returns to society. Camelot is a socially responsible organisation, maintaining high standards of player protection and corporate governance, as well as safeguarding its position as one of the most cost-efficient major lottery operators in Europe. The Company continues to deliver against its strategic plan across its three key pillars as follows:

1. Delivering Brand-led Growth
a) Continuing to ensure that The National Lottery brand is relevant and visible

Marketing will continue to play an important role in maintaining the relevance of National Lottery games to the people of the UK. In 2019/20, Camelot continued to deploy its brand-led marketing approach with its ‘Your Numbers Make Amazing Happen’ campaign, which aims to highlight the positive impact of The National Lottery on all facets of society.

Camelot also continued to work closely with the National Lottery distribution bodies and other key partners to deliver a clear ‘One National Lottery’ brand, which more effectively communicates the uniqueness of The National Lottery, raises awareness of the extraordinary good that it does and recognises the all-important contribution of players. In 2019/20, the Company maximised this opportunity by using The National Lottery’s 25th birthday as a platform to celebrate the extraordinary things that playing makes possible.

To support its strategy, Camelot has worked closely with the Gambling Commission to understand the optimum level of marketing required to support The National Lottery brand and portfolio of games. In some cases, Camelot has sought investment from Good Causes to increase the level of available marketing, having demonstrated that Good Causes will receive a strong return on this investment. The total value of funding for marketing received from Good Causes was £56.6m (2019: £39.0m). Further marketing spend by Camelot was £83.8m (2019: £77.3m).

b) Improving its range of games to create an optimised portfolio of games that offers something for everyone

In February 2020, the EuroMillions community delivered exciting changes to the game, enabling the jackpot fund to accumulate faster – thereby creating a benefit for players with ‘bigger jackpots expected more often’. The jackpot cap was also increased to €200 million from €190 million.

The Company also launched a brand new annuity-style draw-based game, Set For Life, in March 2019. The game’s unique top prize proposition of ‘£10,000 Every Month For 30 Years’ has successfully attracted and retained a new profile of players to play The National Lottery, and this has been one of the key drivers of year-on-year growth in 2019/20.

c) Continuing to invest in improving standards and engagement in retail, as well as expanding into new distribution channels in which people are now shopping

Camelot’s significant investment in retail, announced in the previous year, will continue as the Company seeks to build on the further improvements in retail standards and engagement that it has seen in the year. As the retail landscape changes, Camelot will continue to seek to expand into new distribution channels to keep pace with these changes, including in discounters and at self-checkout terminals.

d) Continuing to improve its digital services to give players an even better mobile and online experience

Digital remains an important source of growth, and Camelot has invested in – and will continue to invest in – developing a strong mobile platform, combined with enhancing and developing its marketing activities and capabilities for mobile and online players. The Company will also continue to build on the improvements it has made in the year to its customers’ journey and experience, and will continue to further upgrade its customer relationship management systems.

STRATEGIC REPORT (CONTINUED)

Strategy and Outlook (continued)

2. Putting Players at the Heart

Camelot’s objectives of promoting healthy play and ensuring that The National Lottery is the safest place to play are critical to its overall business strategy. This year, the Company’s activity has focused on:

- launching an enhanced analytics tool to identify at-risk players on The National Lottery’s digital channels, along with a new range of escalating interventions to address and change at-risk player behaviour;
- integrating healthy play messaging into the player journey through the launch of ‘DREAM BIG PLAY SMALL’, which has appeared across retail and digital touchpoints, and on TV and radio adverts for Scratchcards;
- updating the training that National Lottery retailers receive on identifying and addressing at-risk play, including new terminal functionality allowing them to print a message to hand to players, and maintaining the Company’s track record in delivering industry-leading mystery shopper results for preventing underage play; and
- demonstrating leadership in healthy play by becoming the first lottery operator to be awarded Advanced Level 2 of GamCare’s Safer Gambling Standard for its online and retail operations.

The Company believes this approach is having a positive impact on its players. The number and proportion of at-risk players playing via online channels is reducing month-on-month, and retailers have achieved a high percentage pass rate on excessive play knowledge checks, which measure whether they understand what to look for and what to do if they see someone who needs support. The Company’s healthy play message, ‘DREAM BIG PLAY SMALL’, has also been well received by players, with traffic to the responsible play pages of the National Lottery website rising fourfold since its launch, meaning that players are able to find information and support if they need it.

The Company believes that this approach aligns with the perspective of the Gambling Commission, the National Strategy to Reduce Gambling Harms, and clearly differentiates Camelot and The National Lottery from other operators.

3. Operating with the Highest Integrity

Maintaining high levels of trust in the operational integrity of The National Lottery requires continuous improvement and investment – both of which have played a core role in everything that the Company has delivered during the year. Camelot’s overall aim is to continue to assure and improve the operational integrity of the business, and reduce both risk exposure and the likelihood and impact of incidents. To achieve this, there are four requirements:

- continuing to invest in cyber security to maintain the Company’s capabilities in the face of evolving threats;
- continuing to invest in the resilience and performance of technology and systems as they reach the end of their lives;
- ongoing improvement in the maturity of the operational processes and controls environment, with the continued automation of certain key processes and investment in data management; and
- embedding operational integrity into all operational aspects of Camelot’s work.

Key Performance Indicators (KPIs)

The Company’s primary financial KPIs are gross ticket sales, returns to Good Causes, net income, profit and operating cash flow. In addition, Camelot is required to maintain and report on specific non-financial key performance indicators assessing standards of performance on player accessibility, including terminal sales availability and the service provided to players. Failure to meet these specific non-financial targets can result in a breach of the operating licence. All of these KPIs are monitored on a regular basis by the Executive Team and Board.

In addition, they are submitted to the Gambling Commission as required. Further information on these KPIs can be found in the Financial Performance section opposite.

Financial Performance

Gross Ticket Sales

Gross ticket sales for the year ended 31 March 2020 were £7,905.1m (2019: £7,206.8m).

Within this amount, sales for draw-based games totalled £4,537.1m (2019: £4,081.8m), an increase of 11.2%. Growth was delivered through EuroMillions, which saw a roll to cap in the year, and the full-year impact of Set For Life following its successful launch.

Sales from Instants (Scratchcards and Instant Win Games) increased by 7.8% to £3,368.0m (2019: £3,125.0m). Scratchcard sales were impacted by the removal of all games at the £10 price point part way through the year but, despite this, there was only a 2% year-on-year sales decline. The 61% growth in sales of Instant Win Games was achieved through the launch of a new mobile app, increased personalisation and increased digital traffic from draw-based games.

Sales in both retail and digital grew this year, with the majority of the Company’s growth coming from its digital channels. As a result, digital sales continue to grow as a proportion of overall sales, in line with Camelot’s strategy, accounting for 31.1% of all sales (2019: 25.4%). As part of this, sales through mobile web and apps grew by 57.5%, with a record sales level achieved across all digital outlets. Camelot operates Europe’s largest digital lottery in terms of sales and, with over 7.5 million active registered players, national-lottery.co.uk is one of the top e-commerce sites in the UK.

Lottery Duty

Lottery Duty has remained at 12% of sales, and totalled £948.6m for the year (2019: £864.8m).

Prizes

Total prizes increased to £4,505.0m in 2020 (2019: £4,128.5m). This represents 57.0% of sales (2019: 57.3%). Strong performance from draw-based games, which offer lower prize payout percentages, contributed to the slight decrease year-on-year as a percentage of sales.

In any lottery, there are prizes which remain unclaimed. If National Lottery prizes are not claimed within 180 days of the draw date for draw-based games, or 180 days after the close of a National

Lottery Scratchcard game, they are paid over to the National Lottery Distribution Fund (NLDF).

Camelot continues to make every effort to locate the winners of unclaimed draw-based game prizes worth £50,000 or more, either via local or national publicity. Unclaimed prizes, which are paid to the NLDF, for the financial year amounted to 1.6% (2019: 1.7%) of sales and totalled £123.1m (2019: £125.1m).

National Lottery Distribution Fund (NLDF)

The NLDF is the central fund from which the National Lottery distribution bodies draw funds for distribution to Good Causes. In aggregate, the total raised for Good Causes amounted to £1,853.1m, representing 23.4% of sales (2019: £1,654.7m; 23.0%) for the year.

This includes £1,730.0m (2019: £1,529.6m) in returns from ticket sales and other payments due from relevant income, as specified in the operating licence, and a further £123.1m (2019: £125.1m) in unclaimed prizes. This amount has been reduced by £56.6m (2019: £39.0m), which has been retained by Camelot for necessary marketing expenditure to support the long-term health of The National Lottery, as agreed with the Gambling Commission.

The amount of money returned to Good Causes is determined by the mix of games sold, as every game has a different percentage return. Draw-based games return more in percentage terms than Scratchcards and Instant Win Games. As a result, the changing sales mix between these products will result in a change in the percentage of sales that is returned to Good Causes.

Camelot is subject to two profit-capping mechanisms. Where its profits exceed a certain threshold, which depends on sales levels achieved, the additional profits are shared with Good Causes in the form of Secondary Contributions. Secondly, a Profit Alignment Condition, relevant for the 2018/19 and 2019/20 financial years, further stipulates that, if Good Causes are below a certain threshold, any profits over a certain level are paid in their entirety to Good Causes.

Total Secondary Contributions for the year are £6.1m (2019: £5.0m), an increase of 22%. This is based on an ‘adjusted profits’ calculation as defined under the third licence. The Profit Alignment Condition has not been invoked as Good Causes are above the relevant threshold.

STRATEGIC REPORT (CONTINUED)

Financial Performance (continued)

Retailers' and Other Commission

Total sales, validation and other commissions for the year totalled £312.7m, representing 4.0% of total sales (2019: £303.9m; 4.2%). This includes both commission paid to retailers and bank fees paid on interactive sales transactions.

The commission rate paid to retailers for Scratchcard sales is 6% and, for draw-based game sales, 5%. In addition, retailers receive 1% commission for prizes paid out above £10 for Scratchcards and £30 for draw-based games, both up to and including £500. The Post Office is able to validate prizes between £500 and £50,000, for which it continues to receive an annual payment, the quantum of which is subject to meeting contractual commitments.

Net Income

Net Income for the year was £721.5m, up 5.5% on the prior year (2019: £683.9m), driven by this year's sales performance.

Gaming Systems and Data Communication Costs

Gaming systems and data communication costs increased to £126.2m for the year (2019: £125.3m). These costs include the cost of maintaining software, terminals and the communications network, all expenditure associated with the purchase of National Lottery Scratchcard tickets, point-of-sale and other consumables, together with the depreciation of gaming systems, terminal and data communications equipment.

Administrative Expenses

Administrative expenses were £190.8m (2019: £178.0m), and consisted of advertising and marketing expenditure, depreciation, impairment, staff, facilities and all other administrative costs. The increase was driven primarily by increases in marketing spend.

Finance Income and Costs

Net finance income during the year amounted to £0.7m (2019: £2.5m). Finance income remained materially unchanged at £3.7m in the year (2019: £3.5m), and primarily consists of interest receivable from Premier Lotteries UK Limited on a £26.0m loan (2019: £26.0m). The finance costs of £4.4m increased from the prior year (2019: £1.0m) and related solely to the implementation of IFRS 16 on 1 April 2019 and the related lease interest of £3.6m.

The average yield on investment was approximately 0.54% (2019: 0.55%). Strict controls apply to treasury operations, which are reviewed regularly. The Company's investment policy is approved by Camelot's Audit, Risk and Security Committee, and the Board. Funds are only deposited with banks which hold an investment grade credit rating by S&P, Moody's or Fitch, and which meet the Company's treasury policy criteria.

Profit

The Company's profit before income tax was £95.0m (2019: £83.1m). Profit after taxation for the financial year was £78.1m, circa 1.0% of gross ticket sales (2019: £68.0m). The increase year-on-year is largely attributable to the increase in gross ticket sales.

Taxation

The corporation tax charge of £16.9m for the year (2019: £15.1m) represents an effective tax rate of 17.8% (2019: 18.1%). Further detail is provided in note 7 to the financial statements.

VAT

Sales of lottery tickets are exempt from VAT. Therefore, VAT is not normally recoverable on the Company's costs and is a charge against profits. The VAT cost for the year, including that arising on capital expenditure, was £47.4m (2019: £41.2m).

Dividends

The Company's profit for the financial year was £78.1m (2019: £68.0m), as disclosed on the Statement of Comprehensive Income on page 216. As detailed in note 8, total dividends paid in the year under review were £80.2m (2019: £52.2m), all of which was paid to the Company's parent company, Premier Lotteries UK Limited (PLUK), during the year and £7,000 to Fourmoront Corporation (2019: £7,000). The dividend payment is a financing mechanism to facilitate the term loan repayment from PLUK.

Financial Position at the Year End

The Balance Sheet reflects the continuing financial stability of the business. Net assets were £47.3m as at 31 March 2020 (2019: £49.4m).

The value of property, plant and equipment, right-of-use assets and intangible assets has increased to £110.6m in the current year (2019: £103.3m). The increase is primarily due to the creation of right-of-use assets upon the implementation of IFRS 16 on 1 April 2019.

Financial Performance (continued)

Financial Position at the Year End (continued)

Current trade and other receivables have increased to £537.7m from £445.1m in 2019, mainly due to the funds held to fund future prize payments.

The cash and cash equivalents balance of £181.4m has increased compared with the prior year (2019: £85.6m), as a result of the drawdown on the Revolving Credit Facility (RCF) in the last week of the year and working capital cash flows, as dividend payments remained stable and capex spend increased.

Non-current financial liabilities and borrowings have increased to £21.5m (2019: £3.4m), representing lease liabilities brought onto the balance sheet when implementing IFRS 16.

Current financial liabilities and borrowings have increased to £47.7m (2019: £7.9m), representing the current portion of lease liabilities brought onto the balance sheet when implementing IFRS 16 and the drawdown of the RCF.

Current trade and other payables have increased to £732.9m from £583.2m in 2019, due to an increase in prize payment liability driven by the timing of prize claims.

Investment in Technology

During the current year, Camelot has maintained the infrastructure to run The National Lottery and, at the end of the financial year, 44,144 lottery terminals were in operation across its retail footprint (2019: 44,235).

The Company is committed to delivering new games, developing existing games, including new ways to play, and increasing one-to-one player communications. To meet these commitments, the Company continues to invest significant amounts in technology and in back office systems to support these initiatives and drive operational efficiencies.

Terminal sales availability, a key performance indicator monitored monthly by the Company's regulator, was 99.94% (2019: 99.99%), ahead of the operating licence target of 99.50%. In addition, system availability for playing games on the internet was 99.95% (2019: 99.95%), ahead of the operating licence target of 99.50%.

Cash Flows, Cash and Debt

Net cash generated from operations was £198.7m (2019: £142.0m). The increase was due predominantly to a higher cash impact from movements in working capital than in the prior year, due mainly to the day of the week that the financial year end falls on.

Cash outflows primarily include dividend payments of £80.2m (2019: £52.2m), net taxation-related payments of £24.5m (2019: £21.5m) (including an element for group relief), £15.7m (2019: £25.0m) of investment in property, plant and equipment and intangible assets, and principal lease payments of £16.8m (2019: £11.0m). The closing cash balance was £181.4m (2019: £85.6m).

Cash flow from operating activities represented ticket sales less prize payments, Lottery Duty, payments to the NLDF and operating expenditure. Cash is received from retailers net of prizes paid by them and commission due to them. Settlement of retailers' debts is on a weekly basis, as are payments due to the NLDF and payments into trust for the benefit of players.

In order to protect prize-winners and players, Camelot has set up certain trust accounts operated by The Law Debenture Trust Corporation plc, which acts as an independent trustee. An amount equivalent to prizes is deposited into a trust account on a weekly basis, as well as monies taken in advance and money held by interactive players in their online wallets. This money is held in trust until paid as a prize, or entered into a draw, and is under the control of the trustees until this time. Interest earned on these accounts, after accounting for trust expenses, is for the benefit of the NLDF.

At 31 March 2020, Camelot had on deposit £10.9m (2019: £9.0m) of funds in a restricted cash trust account as a reserve for the protection of prize winners. Although Camelot cannot currently withdraw these amounts until the end of the third operating licence period, the interest on these accounts accrues to Camelot.

Camelot holds a Surety Bond with HCC International Insurance Company PLC to the value of £21.0m (2019: £21.0m). The provisions for Camelot to be able to satisfy its security for players' funds obligations under the licence, by way of a Surety Bond, are set out in Condition 19.3 of the licence.

The Company maintains a £55.0m committed Revolving Credit Facility, which was renegotiated in March 2019 and runs until 30 September 2021. The amount drawn down under this facility at 31 March 2020 was £35.0m (2019: £ nil).

STRATEGIC REPORT (CONTINUED)

Statement describing how the Directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006

Overview

The Strategic Report is required to include a statement describing how the Directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 during the year ended 31 March 2020 when performing their duty under section 172 of the Act.

Section 172(1) of the Companies Act 2006 states:

“A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to—

- (a) the likely consequences of any decision in the long term,*
- (b) the interests of the company's employees,*
- (c) the need to foster the company's business relationships with suppliers, customers and others,*
- (d) the impact of the company's operations on the community and the environment,*
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and*
- (f) the need to act fairly as between members of the company.”*

All activity and decision-making by the Directors is undertaken in the context of a single shareholder, the constitution of the Board, the length of Camelot's licence to operate The National Lottery, the company's strategic and annual planning cycle, and the monitoring by the Directors of its performance against its annual plan and budget.

The Promotion of the Success of Camelot for the Benefit of its Members as a Whole

Ontario Teachers' Pension Plan (OTPP) is Camelot's sole beneficial shareholder.

During 2019/20 (as in previous years), the Directors included among their number senior representatives of OTPP, others of whose staff also attended all meetings of the Board.

The Directors therefore were (and continue to be) able to perform their duty under section 172(1) with unique and direct access to the perspectives and interests of its shareholder, which itself fully endorses and supports the importance of the Board having due regard to a broad range of matters including those referred to in section 172(1)(a) to (f).

As all of the Directors are aware, the Chairman, the executive Directors and other members of the senior management team also continued throughout 2019/20 to have regular discussions with OTPP's staff on a variety of matters relating to Camelot's business outside the scope of formal Board activity.

The Likely Consequences of Any Decision in the Long Term

OTPP and the Directors take the view that Camelot should ensure as far as possible that The National Lottery will be best placed to continue to flourish after the expiry of Camelot's licence to operate The National Lottery – whether or not Camelot were to continue as the operator after that time. However, during 2019/20, the Directors' regard for the likely consequences of any decision in the long term in relation to their duty under section 172(1) was necessarily undertaken in the overarching context of the remaining period of Camelot's current licence. That context is reflected in the Directors' going concern and viability statements on pages 189 and 190 of this Annual Report and Accounts.

Following the fundamental strategic review that was conducted during 2017, in October 2017 the Board approved Camelot's Three-Year Business Plan for the period 2018/19 to 2020/21, including its mission to change lives and its strategy to grow sales in a socially responsible way. The three-year plan was adopted in recognition that Camelot's licence to operate The National Lottery will (unless extended by the Gambling Commission for up to two additional periods of six months) expire on 31 January 2023. In May 2020, the Gambling Commission announced its intention to extend the licence by an additional six months until 31 July 2023. The last two years of the licence are still expected substantially to be focused on the transition to the next (fourth) licence beginning on 1 August 2023.

Statement describing how the Directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 (continued)

The Likely Consequences of Any Decision in the Long Term (continued)

Under the governance arrangements approved by OTPP and the Camelot Board, Camelot's strategy and related business plans (setting out all significant product, channel, operational and organisational initiatives for each year) and the year's annual budget require the Board's express approval. Any additional business cases during the year relating to any significant game, channel or other operational changes above levels of investment or expenditure specified by the Board also require the approval of the Board. Any such additional approvals during the year are supported by information and advice prepared for the Directors' consideration by Camelot's senior management, including as to how the relevant initiative will contribute to Camelot's strategy and business plans.

A Two-Year Business Plan for 2019/20 (developed from the plan for 2018/19 and following the same mission and strategy) was therefore prepared by senior management and considered by the Board on an iterative basis at its meetings in September and December 2018. The plan was finally considered and approved by the Board at its meeting in February 2019. The associated Annual Budget and Annual Plan for 2019/20 were then considered and approved by the Board at its meeting in March 2019.

Similar to previous years, the Directors were then able to monitor Camelot's performance against the 2019/20 Annual Budget and Annual Plan regularly throughout 2019/20. Monitoring took place in respect of a range of detailed key milestones and performance indicators – by means of weekly and monthly reporting to Directors (and, in addition, others of OTPP's staff) of Camelot's performance against defined key milestones and performance indicators, and by a more detailed business update (which includes significant findings of post-implementation reviews of key initiatives) presented by the senior management team for scrutiny at each meeting of the Board throughout 2019/20. The Board also considered a number of 'deep dives' on various aspects of Camelot's business activities and performance at Board meetings through 2019/20.

Taken together, these governance arrangements enable the Directors to assess on a continuing basis the extent to which the consequences of any particular decision are consistent with what was expected at the time it was taken, and, accordingly, whether it is appropriate to consider any corrective or alternative action (including all of the business initiatives referred to in the Chairman's Statement and Chief Executive's Review on pages 24 to 31 and 32 to 41 respectively).

The Interests of Camelot's Employees

Creating an environment that allows Camelot to attract and retain talent continued through 2019/20 as one of the key pillars of the 2019/20 Annual Plan, which the Board monitored on a regular basis throughout the year in accordance with the governance arrangements described in the preceding section (“The likely consequences of any decision in the long term”).

Performance against key performance indicators relating to that part of the 2019/20 Annual Plan, and against milestones for related activities, was included in monthly reports to Directors and in the business update given by senior management at each meeting of the Board throughout the year. The business update to the Board also included more detailed information on staff-related activities through the year, including engagement survey results (which, during the year, grew from 83% to 90% in the most recent survey), initiatives focusing on leadership and learning, all-staff update meetings, talent reviews and succession planning. Camelot took part in The Sunday Times Best 100 Mid Companies 2020 and achieved a '3 Star' rating ('extraordinary'), placing it 35th overall in the UK rankings.

In addition, the 2019/20 annual bonus scheme for all staff was reviewed, approved and monitored throughout the year by the Board's Remuneration Committee.

Succession planning of Camelot's senior leadership team was also a standing agenda item at each meeting of the Nominations Committee of the Board during 2019/20, which were also attended by Camelot's People Director. Other matters considered by the Committee during the year included Camelot's Board, and Company policies on diversity and inclusion.

STRATEGIC REPORT (CONTINUED)

Statement describing how the Directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 (continued)

The Interests of Camelot's Employees (continued)

Jennelle Tilling, one of Camelot's independent non-executive directors, continued to have responsibility throughout 2019/20 for oversight of all matters relating to employee engagement and reflecting any issues at Board level.

Further information on activity relating to Camelot's employees during 2019/20 is included in "Our People" on pages 154 to 169.

The Need to Foster Camelot's Business Relationships with Suppliers, Customers and Others

Specific initiatives relating to Camelot's relationships with its players and National Lottery retailers, and engagement with stakeholders, were at the heart of its 2019/20 Two-Year Plan, and the related Annual Budget and Annual Plan. Performance against key performance indicators relating to those parts of the Annual Plan, and against milestones for related activities, was included in monthly reports to Directors and in the business update given by senior management at each meeting of the Board throughout the year. The business update to the Board also included more detailed information on those activities throughout the year.

The key risks (and mitigations) identified by Camelot include disenfranchisement of National Lottery retailers, decline in player engagement, damage to the regulatory environment, failure to manage the risk of unauthorised access to systems or data, and failure to protect players. The Audit, Risk and Security Committee of the Board (which was typically attended by all Directors, including those who are not members of the Committee) considered the status of all of these risks at each of its meetings during the year. Further information relating to the principal risks is included in the Strategic Report on pages 174 to 187.

Throughout 2019/20, each of the independent non-executive Directors continued to have responsibility for oversight of particular aspects of Camelot's activities and reflecting any issues at Board level – all of which, to a greater or lesser extent, included oversight of Camelot's relationships with suppliers, customers and other stakeholders:

- Sir Hugh Robertson – external relations
- Jane Rowe and Jo Taylor – relations with OTPP
- Robert Walker – operations (including retail operations)
- Rob Rowley – finance, risk and audit operations
- Gill Whitehead – digital and technology
- Jennelle Tilling – marketing and engagement with Camelot's workforce

In addition, during 2019/20, the Board continued to hold some of its meetings in National Lottery-funded venues across the UK – in the Titanic Belfast Building in September 2019 and the Principality Stadium in Cardiff in February 2020, giving the Directors a valuable opportunity to obtain different perspectives in particular of Camelot's relationships with the recipients of Good Cause funding and other stakeholders.

Further information on Camelot's business relationships with suppliers, players and others is included in "Doing Business Responsibly" on pages 134 to 151.

The Impact of Camelot's Operations on the Community and the Environment

At the highest level, all of the activity undertaken by the Directors takes place in the context of Camelot's overarching objective to maximise returns to Good Causes through selling National Lottery products in an efficient and socially responsible way. That means a focus on ensuring that Camelot keeps its players safe by preventing underage play and playing too much, while, at the same time, seeking to raise as much money as possible to enable the National Lottery distribution bodies to continue to fund local and national community and environmental projects throughout the UK.

Statement describing how the Directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 (continued)

The Impact of Camelot's Operations on the Community and the Environment (continued)

The Board duly considered and approved the Two-Year Strategic Plan and Annual Business Plan for 2019/20, and then monitored it throughout 2019/20 (including in relation to protecting players and returns to Good Causes) in accordance with the governance arrangements described above in the section on "The likely consequences of any decision in the long term" (pages 180 to 181).

At operational level, during 2019/20, corporate social responsibility continued to lie at the heart of everything Camelot does – from the way it trained its employees, advised big winners and treated suppliers, to how it safeguarded data, supported its local communities through volunteering and worked to reduce its impact on the environment. Any significant issues or developments were included in reporting to the Board during the year in accordance with the governance arrangements referred to above.

Further information on Camelot's work relating to its local communities and the environment is included in "Doing Business Responsibly" on pages 134 to 151.

The Desirability of Camelot Maintaining a Reputation for High Standards of Business Conduct

Protection of National Lottery players and promotion of healthy play, operating with the highest integrity and ensuring that Camelot maintains an excellent reputation for how it operates continued as some of the pillars of Camelot's 2019/20 Two-Year Strategic Plan and Annual Business Plan. Performance against key performance indicators relating to specific initiatives, and against milestones for related activities, was included in monthly reports to Directors and in the business update given by senior management at each meeting of the Board throughout the year. The business update to the Board also included more detailed information on those matters throughout the year.

More broadly, led by the Board, Camelot has a high-integrity culture, with appropriate policies, training and processes relating to anti-bribery and corruption and whistleblowing, together with substantial business control functions such as Programmes, Security Operations, Business Assurance (which includes Internal Audit), Legal (which includes the Company Secretarial function and the Data Protection Officer), Procurement and Regulation. The Board continued to oversee most, if not all, of these aspects of Camelot throughout the year through the Audit, Risk and Security Committee.

Further information on Camelot's work in contributing to maintaining its reputation for high standards of business conduct is included in "Doing Business Responsibly" on pages 134 to 151.

The Need to Act Fairly as Between Members of Camelot

OTPP is Camelot's sole beneficial shareholder and, therefore, the Directors were not required to have regard to this particular matter during 2019/20.

Risks, Uncertainties and Opportunities

The third operating licence provides Camelot with significant opportunities, as well as some significant risks and uncertainties, and these are embedded in the Company's enterprise risk management framework, further details of which are provided in the Report on Corporate Governance.

The risks which the Board considers may have a significant impact on the results of Camelot and its ability to achieve its strategic objectives are defined as the Company's principal risks. The principal risks can occur independently from each other or in combination.

During the year, the Audit, Risk and Security Committee and Board conducted deep dives into selected principal risks. In September 2019, the Board of Directors undertook a robust assessment of the current principal and emerging risks facing Camelot, to ensure that the Company captures the most significant risks.

STRATEGIC REPORT (CONTINUED)

Risks, Uncertainties and Opportunities (continued)

Coronavirus (COVID-19)

At the time of publication of this Annual Report, the COVID-19 outbreak is a significant event that has had an impact on a number of the Company's principal risks simultaneously. Camelot's business continuity plans have been successfully invoked since March 2020, enabling it to operate The National Lottery with integrity, along with ensuring the safety and well-being of its employees, customers, suppliers and partners.

Camelot is engaging closely with the Gambling Commission, which has been fully supportive of the Company's changing risk profiles during these unprecedented events, and it has agreed a number of temporary licence condition waivers to reflect the changes required with remote working and carrying out processes while social distancing.

The Company is closely monitoring the impact of the COVID-19 pandemic on its principal risks, and has been taking proactive steps to mitigate risks as they develop; for example:

- retailer environment – maintaining regular dialogue and contact with Camelot's retail partners has helped to ensure that National Lottery products have remained on sale throughout the crisis; pro-active credit monitoring, relaxation of payment deadlines on a case-by-case basis and waiver of certain fees has helped to avoid any increases in payment failures or bad debts;
- player engagement – adapting its marketing and communication plans during the crisis has helped to ensure that The National Lottery remains relevant to players with a focus on the impact of Good Causes on society;
- people – showing flexibility to employees to ensure that they could achieve a work/life balance under lockdown (eg childcare and home schooling), rapidly adapting ways of working and the cadence of communication across all teams to ensure that employees remain engaged through a period of extended remote working;
- cyber security – increasing levels of monitoring to mitigate the increased threat level as hackers try to exploit greater numbers of workers accessing their corporate networks remotely and much greater levels of digital commerce during lockdown; and

- suppliers – regularly engaging with key suppliers to assess the adequacy of their business continuity plans during the crisis. To date, all key suppliers continue to provide their goods and services to the Company, enabling operations to run successfully.

The Board has been kept regularly informed of the impact of COVID-19 through bi-weekly update meetings throughout March, April, May and June.

Mitigation and Controls

Camelot adopts mitigation activities in the form of internal controls for all key principal risks, as part of quarterly internal reviews. These include reporting to the Board, reporting to the Compliance & Risk Committee, the Audit, Risk and Security Committee, Executive management team, and monitoring compliance with Camelot's policies. The effectiveness of risk mitigations against risk definitions are supported through a suite of risk metrics.

The Company identifies its key principal risks and mitigations as follows:

Player Engagement

The relevance of The National Lottery remains critical to the success of the business and, while Camelot has stemmed its decline within the fabric of society, failure to ensure that games remain relevant and that players remain engaged could lead to a decline in sales and returns to Good Causes.

As mentioned earlier in the Strategic Report, the Company has addressed this risk by ensuring that The National Lottery's portfolio of games continues to remain relevant to a wider base. The Set for Life game has been well received, as have changes to the Lotto game, and a relaunched digital website and apps have provided an updated look and feel, and a streamlined player experience. The National Lottery's 25th birthday year enabled the Company to showcase the enormous impact that it has made to the UK and all of the things made possible over the past 25 years.

Risks, Uncertainties and Opportunities (continued)

Key Supplier/Partnership Relationships

Camelot suffers service disruptions with key suppliers and operational failures due to the inability of suppliers to provide it with their service or the inability of Camelot to maintain robust and effective working relationships with key suppliers/partners.

The Company maintains ongoing working relationships with key suppliers and partners, and conducts regular reviews to assess operational performance and reliance. Business continuity plans are created, assessed and maintained to ensure minimal business disruptions.

Regulatory Environment

The risk of not having a regulatory environment which ensures licence compliance and supports an effective working relationship and operating model with the Gambling Commission (GC). Specifically, the risk that the delivery of Camelot's Annual Business Plan is impacted by the GC's low-risk appetite and approach to marketing and other approvals.

The Company has a high-integrity culture and has identified accountable people against each of its licence requirements, and reviews and updates this on a regular basis. Licence compliance is also embedded in Company processes and procedures. Business control functions – such as the Regulatory Affairs, Business Assurance, Procurement and Process Governance Teams – monitor compliance through their activities.

The Company maintains regular senior management meetings between Camelot and the GC, and through engagement between key business control functions (such as Regulatory Affairs and Business Assurance), commercial functions and the GC. The Company also proactively shares performance data, as well as strategic plans and proposals requiring approval, so that it is able to work effectively with the GC and be held to account.

Player Protection

With growing focus and increasing expectation on player protection/healthy play, failure by Camelot to either adopt an appropriate player protection strategy or have suitable operational activities to protect players could result in excessive and/or underage play, which could lead to player harm, and have an impact on Camelot's reputation and regulatory relationship.

The Company is a socially responsible organisation, maintaining high standards of player protection. The Company has a clear player protection strategy to prevent underage and excessive play. Mystery shopping metrics are monitored and fed back to retailers and the GC, and action is taken where appropriate with retailers.

The Company's brand messaging focusing on healthy play ('DREAM BIG PLAY SMALL') appears in above-the-line advertising and in its retail channel via media screens and ticket messaging. Camelot became the first lottery operator to achieve Advanced Level 2 of GamCare's Safer Gambling Standard for its online and retail operations. The Company also joined GAMSTOP in April 2020, which further supports its approach to healthy play.

People

Increasing uncertainty, both during the remainder of the current licence period and beyond, results in an increased risk of unwanted attrition, greater difficulty in recruiting key roles, and a negative impact on engagement levels.

The Company maintains an organisational health dashboard which tracks and monitors attrition, absences, levels of engagement etc. In addition, succession plans for key roles across the business are subject to regular review at Operational and Executive level.

Camelot's ongoing programme of pulse and annual engagement surveys enables it to regularly measure engagement levels across the Company and to implement appropriate actions in a timely manner. Best Companies awarded the Company a '3 Star' accreditation (the highest standard), which reflects 'extraordinary' levels of workplace engagement – placing Camelot 35th in The Sunday Times Best 100 Mid Companies 2020.

STRATEGIC REPORT (CONTINUED)

Risks, Uncertainties and Opportunities (continued)

Retailer Environment

As retail remains a critical channel, if Camelot fails to maintain standards, advocacy and support for The National Lottery within its retailer estate, this could lead to poor in-store execution, lack of confidence and poor support for The National Lottery brand. Camelot also needs to be agile, mindful and able to react to the macro environment and resulting cost pressures on retailers.

The Company maintains a healthy retail network, with, on average, around 44,000 live National Lottery terminals in market. It continues to invest in retail, focusing on further increasing distribution and improving the effectiveness of activation across all retail outlets. It proactively addresses any areas which are highlighted as needing improvement, either via its ‘satisfaction survey’ or directly through its retail partners. Camelot’s retail incentives plan gives visibility to retailers of their sales performance and contribution to Good Causes.

On a macro level, the retail environment continued to be challenging, with poor footfall and low consumer confidence. Despite these challenges, National Lottery sales are performing well.

Technology/Systems

As Camelot moves towards the end of the third licence, the risk associated with a number of systems which are nearing the end of life increases. Additionally, there is a risk to the information systems estate that systems may no longer be fit for purpose, which could lead to a failure to execute and deliver an effective technical solution.

The Company delivered a number of system changes during the year, including a new telephony platform, into the business. This new platform now includes web chat, email and a knowledge base, which enables agents to provide an improved service to customers and retailers. In addition, the Company saw the delivery of a new interface to manage its ‘Central Gaming’ systems for all games, both draw-based and instant.

The Company regularly evaluates the adequacy of its infrastructure and IT security controls, tests its contingency and recovery processes, and undertakes employee awareness and training. Controls testing and security patching around core systems is also performed regularly.

Licence Condition 5.9 requires Camelot to maintain all Licensee Assets to ensure that they are adequately supported and have a life expectancy of two years from the end of the third licence.

The Company maintains a secure, fit-for-purpose technology solution to enable employees to work at their best. In continuing to provide operational integrity towards the end of the licence, the ongoing management of end-of-life technology is essential, particularly components for the key gaming and corporate systems.

InfoSec/Cyber

The risk of unauthorised access to Camelot’s systems or data, from either an external or internal source, that results in unauthorised access to personal or financial data, gaming systems or commercially sensitive information and/or service disruption due to the loss/unavailability of key operational systems; or a loss of integrity of gaming systems, or gaming, financial, personal or other data. Leading to reputational and/or commercial damage, and potential regulatory penalties.

The Company complies with the ISO 27001 Information Security Standard and World Lottery Association Standards. Similar to other organisations, the Company continuously monitors the cyber landscape, and assesses and deals with emerging threats. It continues to invest in its Information Security team, and in raising cyber risk awareness across its business and with its partners.

Digital Channels

This risk has two components:

Technical: There is a risk that Camelot fails to maintain a fit-for-purpose digital platform, which leads to poor customer engagement, loss of sales and a significant impact on any potential bid for a fourth licence; and

Commercial risk: Strong commercial performance achieved through the delivery of its digital strategy is not maintained, which leads to reduced customer satisfaction, lost sales and returns to Good Causes, and a significant impact on any potential bid for a fourth licence.

The Company monitors the performance and capacity of its digital channels, as well as the delivery of key digital projects and continuous improvement initiatives, to enhance the stability of the platform and improve customer engagement. For instance, email personalisation has enabled a new welcome onboarding and lapsing programme to improve overall player satisfaction and retention rates.

The Strategic Report was approved by the Board of Directors on 25 June 2020 and was signed on its behalf by:

Sir Hugh Robertson KCMG PC DL
Chairman

Camelot UK Lotteries Limited
Company Number: 02822203

DIRECTORS' REPORT

The directors present their report, together with the audited financial statements of Camelot UK Lotteries Limited (the 'Company'), for the year ended 31 March 2020.

The Company is a private limited company, limited by shares, and is incorporated and domiciled in the UK. The address of the registered office is: Camelot UK Lotteries Limited, Tolpits Lane, Watford, Hertfordshire, United Kingdom, WD18 9RN.

Principal Activities

The principal activity of the Company is the operation of The National Lottery in a socially responsible manner for the benefit of a number of good cause areas: arts, education, environment, health, heritage, sport and voluntary/charity (the 'Good Causes'). The establishment of The National Lottery was enabled by the passing of The National Lottery etc. Act 1993 (as amended). Camelot operates The National Lottery pursuant to an operating licence granted by its regulator, the Gambling Commission.

The third operating licence was granted on 1 February 2009 to run until 31 January 2019, with a possible extension for a period of up to five years. In the 2011/12 financial year, the National Lottery Commission (subsequently merged with the Gambling Commission) granted an extended licence through to 31 January 2023, a four-year extension. This had an impact on intangible assets and property, plant and equipment, as economic lives have been lengthened where they previously ran to the end of the original third operating licence on 31 January 2019.

In May 2020, the Gambling Commission announced its intention to extend the licence by an additional six months until 31 July 2023.

The Company expects to pursue this principal activity until the end of the current, now soon to be further extended, third licence. As the final details of the structure of the next licence haven't been published at the time of writing, Camelot is not in a position to confirm whether or not it will submit a bid. The Company's performance and outlook are discussed in the Strategic Report set out on pages 174 to 187 as permitted under s414C(11).

Shareholdings

The following share structure was in place at the beginning and end of the year under review:

	Number of 'A' shares	Number of 'C' preference shares	Total % holding of shares
Premier Lotteries UK Limited	1000	3	99.3%
Fourmoront Corporation	–	7	0.7%

Further details of the rights and obligations of each class of share are given in note 21 to the financial statements.

The Company's ultimate shareholder is Ontario Teachers' Pension Plan Board (Teachers').

Directors

The names of the directors who served during the year and up to the date of signing the financial statements were:

- Chairman
Sir Hugh Robertson KCMG PC DL
- Executive directors
Nigel Railton
Clare Swindell (appointed 25 September 2019)
- Independent non-executive directors
Robert Walker
Rob Rowley
David Kelly (resigned 9 May 2019)
Jennelle Tilling
Gill Whitehead (appointed 9 May 2019)
- Non-executive directors
Jane Rowe
Jo Taylor (resigned 5 December 2019)
- Alternate directors
Ilya Kachko (alternate to Jane Rowe and Jo Taylor)
Stefano Santarelli (alternate to Jane Rowe, appointed 5 December 2019)
- Company Secretary
John Dillon

Insurance for Directors and Officers

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Going Concern

Management has prepared detailed budgets and cash flow forecasts which support the appropriateness of the going concern assumption. Given the unprecedented economic environment due to the COVID-19 global pandemic, these budgets and cash flow forecasts have been evaluated and reviewed in significant detail.

This wider economic climate particularly increases the credit and financial liquidity risk of the Company. However, management has assessed the controls in place to minimise Camelot's exposure to this increased level of risk, which are set out in note 16, and considers them to be effective. This view has been supported by stress testing as described on the next page.

Therefore, after making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least one year from the date that the financial statements are signed.

For this reason, they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' REPORT (CONTINUED)

Viability Assessment

Taking account of the Company's current position and principal risks, the directors have assessed the prospects of the Company for the purposes of provision 31 of the UK Corporate Governance Code over the next three years and six months. Following the intention to extend the third licence announced in May 2020, the Company's licence to operate The National Lottery is expected to expire on 31 July 2023. The three-year, six-month assessment period covers until 30 September 2023, which includes the finalisation and settlement of cash flows relating to the end of the third licence. This is considered by the directors to be an appropriate period of assessment.

There is inherent uncertainty in planning for the next three and a half years, given that the outcome of the fourth licence competition process is unknown, as are the medium and long-term impacts of the COVID-19 global pandemic on the Company's performance. However, due to the solid foundations the Company has put in place over the last three years, the Company's business model has proved to be strong, and the forecasts reflect a resilient sales performance in line with underlying marketing and capital investment support. Profits and cash generated are in line with sales.

The previous Board-approved three-year strategy (covering until 2021/22) has been reviewed in light of COVID-19 and extrapolated for the final years of the licence to reflect an end-of-licence scenario and to include all cash flows relating to completing the third licence commitments.

The Company is operating comfortably within the loan covenants of interest cover and gearing ratios, and the directors consider that this will continue over the review period.

The Company's Revolving Credit Facility (RCF) of £55.0m was extended in March 2019 and is only due to expire on 30 September 2021. The amount drawn down under this facility at 31 March 2020 was £35.0m (2019: nil) for six months. However, the Company does not expect to utilise these drawn-down funds and will remain well within the leverage covenant of 2.0.

A number of sensitivities were run to stress test the three-and-a-half-year cash flow forecasts and, even in downside scenarios, the Company remains comfortably within its loan covenants. The Company's covenants are based on Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) pre-IFRS 16, which would have to fall by circa 50% from their current level across the three-year period for this covenant to be breached. This is considered highly unlikely. The three-year forecast also shows only insignificant net interest charges and therefore interest cover is not expected to breach the covenant of 2.0.

The Board confirms that it carries out a robust assessment of the principal risks and uncertainties facing the Company, including those that could threaten the business model, future performance, solvency and liquidity of the Company.

The Board also monitors the Company's risk management and internal control systems. The assessment and monitoring is carried out on a rolling basis, with senior management reviewing and updating the Company's principal risk register quarterly, which is then reviewed by the Audit, Risk and Security Committee at every meeting ("The Committee"). The Committee is also informed of, and considers, all material risks and internal control systems issues (including, for example, any significant control failings).

Among the identified key risks are player engagement, key supplier/partnership relationships, regulatory environment, player protection, people, retailer environment, technology/systems, InfoSec/cyber and digital channels. The Company continues to invest heavily in safeguarding IT infrastructure, with the security of player information and funds being a key priority. The Chairman of the Committee reports the proceedings of the Committee to the full Board, and copies of minutes of the Committee are distributed to all members of the Board who are not Committee members. Revocation of the Company's licence to operate The National Lottery would clearly be catastrophic and the Company is very clearly focused on mitigating the risks of committing any licence breach which could form the basis of such revocation.

Viability Assessment (continued)

Taking into account the Company's performance, the existence of the Company's licence to operate The National Lottery until 31 July 2023, the existence of the business strategy, and the principal risks and uncertainties facing the Company, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-and-a-half-year period ending 30 September 2023 to cover the complete period of the third licence to run The National Lottery.

Corporate Governance

The Report on Corporate Governance is set out on pages 196 to 206.

Streamlined Energy and Carbon Reporting

The Company's streamlined energy and carbon reporting is set out in the "Environmental Impact" section on pages 148 to 149 and is included in this Directors' Report by cross-reference.

Research

To secure the long-term success of The National Lottery and to ensure continued sales growth alongside increasing returns to Good Causes, the Company has continued to spend on research during the year. The Company's spend totalled £7.2m in 2020 (2019: £7.1m), primarily in the area of brand and market research.

Employees

The Company places a high priority on ensuring that its employment policies respect the individual, and offer training, career and personal development opportunities regardless of racial or ethnic origin, gender, age, religion, nationality, disability, sexual orientation or marital status.

Full and fair consideration is given to the employment of all individuals and reasonable adjustments are made to accommodate the disabilities of Camelot employees, whether those disabilities arose before or during their employment with the Company.

The Company's Employee Forum is chaired by a member of the Executive and extends across all employees in Camelot UK Lotteries Limited. It continues to be consulted on all significant policy proposals and initiatives affecting employees, and, in turn, gathers group-wide reactions to such proposals, as well as giving regular feedback on other employee matters.

The Company believes that delivering consumer and player satisfaction is key to its success, and strives to reward the contribution made by motivated and high-performing staff. The main reward mechanism for doing this is via a performance-related annual bonus scheme.

For 2019/20, bonuses will be paid on three key performance criteria – sales, returns to Good Causes and profitability, each underpinned by operational integrity – with a fourth element awarded based on performance against objectives for senior management. When reflecting on-target performance, these bonuses start from 5% of base salary, increasing for senior management.

Employees pay contributions into the Company Personal Pension Plan, a defined contribution scheme. In line with UK legislation, the Company auto-enrols employees into the pension scheme. The first payroll deductions for automatically-enrolled employees were made in January 2014.

Employee Engagement

Camelot has an extensive and well-established structure for communicating and listening to its employees through a variety of channels, including internal publications, Company-wide emails, webcasts, all-employee meetings, the Company's intranet site and regular engagement surveys. These channels are also the medium through which the Company communicates economic and financial factors which impact its performance. The Company achieved a '3 Star' rating in The Sunday Times Best 100 Mid Companies 2020, which means Camelot is an 'extraordinary' company to work for within its definition and 35th in the rankings. The Company also achieved upper quartile engagement scores in its shorter 'Pulse' survey earlier in the year.

During 2019/20, Camelot continued to:

- provide employees systematically with information on matters of concern to them, such as trading updates, commercial strategy and progress updates, as well as inviting representatives from organisations who have received funding from Good Causes to share their stories to ensure employees are connected to the Company's purpose. There continues to be a regular cycle of company-wide communication through 'All Together' briefings, 'Getting to Know' sessions, the intranet, and monthly leadership newsletters for cascade;

DIRECTORS' REPORT (CONTINUED)

Employee Engagement (continued)

- consult employees as a whole and via the Employee Forum on a bi-monthly basis so that their views can be taken into account in making decisions which are likely to affect their interests, including the outcomes of employee surveys, input to people policies (eg inclusion and diversity), input to the wellness strategy, and input to how organisational changes are implemented;
- encourage the involvement of employees in Camelot's performance through the all-employee annual bonus scheme, ensuring quarterly performance conversations take place with individuals, and regular briefings are given on trading performance and progress against the annual plan;
- provide a listening strategy through regular engagement surveys and conversations with the Employee Forum; and
- achieve a common awareness on the part of all employees of the financial and economic factors affecting the performance of Camelot through 'All Together' sessions, regular Leadership Team away days and Leadership Team monthly cascades.

Board Members are actively involved in the Company's engagement strategy. During the year, the Chairman took part in a 'Getting to Know' event (interviewed by an employee in front of a live audience), while the CEO has led quarterly 'All Together' sessions. Jennelle Tilling is due to take part in a forthcoming virtual 'Getting to Know' event and will attend the Employee Forum.

The Directors have visibility of the people priorities and initiatives for the year via the People section of the Annual Business Plan, which sets out specific initiatives relating to employees. In addition, employee engagement scores and feedback are shared annually, and employee engagement and performance are considered as part of the all-employee annual bonus scheme, which is approved by the Remuneration Committee. Any risks relating to employees also form part of the Principal Risk updates to the Board.

Business Relationships

In performing its duties, the Board gives due consideration to its key stakeholder groups as it ensures that the activities of the Company align with its strategic plan, as well as the Company's cultures and values.

In assessing its activities, the Board aims to act fairly, transparently and in the best interests of the Company over the long term, and assesses the impact of activities on the Company's business relationships and, in particular, with its regulator, industry bodies, distribution partners, retailer base and suppliers. The Company acknowledges that every decision the Board has made will not necessarily result in a positive outcome for all of its stakeholders.

As noted in the Chairman's Statement and the Chief Executive Officer's Review, the Board and Executive management have regular engagement with their counterparts at the Gambling Commission and with the National Lottery distribution partners who distribute Good Causes funding.

Executive management has a regular programme of engagement across the retailer base (from large multiple retailers through to independent owner-managed businesses), which is monitored and assessed by the Board through its regular review of the Annual Business Plan. Suppliers are critical to the success of the Company and, for all of the major suppliers, there is a dedicated Camelot relationship manager. They work closely with the supplier to ensure not only the delivery of their product/service, but that there is a strong working relationship with regular dialogue that allows both parties to operate fairly and transparently with each other.

Suppliers

The Company's policy is to pay all fully-approved supplier invoices within 30 days after the end of the month in which the invoice is received. Camelot has paid 89% (2019: 72%) of its supplier invoices in line with the agreed terms in the last six months of the financial year and, on average, invoices are being paid within 34 days (2019: 39 days) from date of issue. The Company's latest figures show that only 3% (2019: 8%) of supplier invoices are paid in excess of 60 days, with 64% (2019: 52%) being paid in 30 days or less.

Camelot's payment practice and performance are made publicly available, and processes are in place to continually improve these metrics.

Financial Risk Management

The Company has a clear and specific investment policy which is followed for all cash deposits placed to mitigate against short and long-term cash flow risk. At the end of March 2020, with the growing uncertainty around the COVID-19 global pandemic, the Company drew down £35.0m of its RCF for a period of six months.

It continually monitors its banking facilities and, during the COVID-19 crisis, has significantly increased the frequency of forecasting and reviewing its cash flow requirements. There is still access to a further £20.0m of funds under the RCF, should it be required. During the year, the Company has not needed to utilise the £35.0m of funds, which have been held on deposit with a number of the Company's relationship banks since being drawn.

For the next financial year, the cash flow forecasts anticipate surplus cash levels and that the cash drawn under the RCF facility will remain unutilised in cash reserves, while ensuring that sufficient headroom is maintained and that all liabilities are met. Camelot has a contingency financing arrangement with its ultimate controlling party, Teachers', which, in aggregate with its parent company Premier Lotteries UK Limited, makes further funding of £30.0m available.

In addition, Camelot has an established process, set out in The National Lottery Retailer Agreement, which ensures exposure to retailer bad debt is minimised as detailed in note 16. Camelot is, therefore, confident that it has appropriately mitigated the additional credit and financial risks.

The Company is exposed to certain levels of credit, interest rate, foreign exchange and liquidity risks that arise in the normal course of business. Details of these risks are disclosed in note 16.

Related Party Transactions

During the current financial year, the Company has had transactions of significance with its parent company and fellow UK group entities. Details of related party transactions are given in note 28 to the financial statements.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

Dividends

As detailed in note 8, total dividends paid in the year under review were £80.2m (2019: £52.2m), of which £80.1m (2019: £52.2m) was paid to the Company's parent company, Premier Lotteries UK Limited, during the year and £7,000 to Fourmoront Corporation (2019: £7,000). The Company does not recommend payment of a final dividend.

Donations

During the year, no political donations were made (2019: nil).

Post-Balance Sheet Events

Refer to note 30 to the financial statements for Post-Balance Sheet events disclosure.

DIRECTORS' REPORT (CONTINUED)

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) 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 state of affairs of the company, and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company, and enable them to ensure that the financial statements comply with the Companies Act 2006.

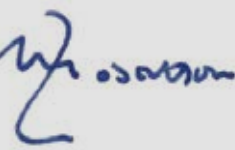
In addition, the directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmations

The directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all of the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.



On behalf of the Board
Sir Hugh Robertson KCMG PC DL
Chairman
25 June 2020

REPORT ON CORPORATE GOVERNANCE

While not required by law, Camelot UK Lotteries Limited has undertaken, so far as it is practical having regard to its corporate structure, to comply with the principles of good governance and code of best practice as set out in 'The UK Corporate Governance Code' (the 'Code'), published by the Financial Reporting Council in July 2018. The Board's commitment to business integrity, high ethical values, corporate responsibility and professionalism in all of its activities remains undiminished following the Company's transition from plc to limited company status in July 2010.

This report outlines the approach adopted in relation to the principles contained within the Code and provides an explanation of any current departure from the provisions of the Code.

Board of Directors

At 31 March 2020, the Board comprised eight members: the Chairman, four additional independent non-executive directors (one of whom acts as the Deputy Chairman and Senior Independent Director), one non-executive director (an officer of Teachers') and two executive directors (the Chief Executive Officer and the Chief Financial Officer).

There is a clear delineation of responsibility between the Chairman and the Chief Executive Officer, which is set out formally in a written description of the role of the Board and written descriptions for the Chairman's and the Chief Executive Officer's roles (and also for the roles of the Deputy Chairman/Senior Independent Director and the independent non-executive directors).

The Chairman leads the Board, ensuring that each director, particularly each of the non-executive directors, is able to make an effective contribution. He monitors, with assistance from the Company Secretary, the information distributed to the Board to ensure that it is sufficient, accurate, timely and clear. Board papers are sent to directors in good time before Board meetings. These cover key areas of the Company's affairs, including overall strategy, key commercial partnerships, approval of budgets, major capital expenditure programmes, significant transactions and financing issues. The Board approves all major capital and revenue expenditure over specified amounts, which vary depending on the nature of the expenditure.

The Chief Executive Officer maintains day-to-day management responsibility for the Company's operations, implementing Company strategies and policies agreed by the Board.

Jo Taylor (who remained on the Board following the appointment in June 2018 of Sir Hugh Robertson KCMG PC DL as Chairman) stepped down from the Board on 5 December 2019 prior to taking up the post of President and CEO of Teachers' on 1 January 2020. Jane Rowe (Executive Managing Director and head of Teachers' Equities department) remains on the Board and ensures that Board members (and, in particular, the independent non-executive directors) are regularly informed of Teachers' views about the Company, and that Teachers' is kept informed about the Company to the extent Teachers' requires.

Board of Directors (continued)

Gill Whitehead was appointed to the Board on 9 May 2019 as an independent non-executive director. David Kelly resigned from the Board on the same date.

Clare Swindell, the Chief Financial Officer, was also appointed to the Board on 25 September 2019.

During the year, on the recommendation of the Nominations Committee, the Board approved the appointment of Nigel Railton as an independent non-executive director on the board of Argentex Group plc, and of Gill Whitehead as an independent non-executive director on the board of Informa PLC. The Board was satisfied that those additional commitments do not prevent either director from spending sufficient time on matters relating to Camelot, and that they would provide each director with a welcome opportunity to broaden further their perspective and experience of different boards and businesses, and, ultimately, to enhance their skills for Camelot's benefit.

Specific oversight of various aspects of the Company's activities has been allocated by the Board to different Board members (including external relations, operations, finance, risk and audit, digital and technology, marketing, and engagement with the Company's workforce).

Regular Board meetings were held during the year under review. Following a Board meeting in Edinburgh in February 2019, in 2019/20 the venues for meetings of the Board included the Titanic Belfast Building and the Principality Stadium in Cardiff, in addition to the Company's own offices, giving the Board the opportunity to see at first hand the impact of The National Lottery and to meet stakeholders in all of the home nations of the UK.

Board meetings follow a formal agenda which includes regular reports from the Chief Executive Officer, matters for which the Board's approval is required (including, in particular, the Company's strategic plan and annual budget, and business cases for new games or game changes), 'deep dives' into business topics of importance and other matters for the Board's information. The Strategic Report for the year can be found on pages 174 to 187.

At the beginning of each Board meeting, the Chairman meets with the non-executive directors for a private session in the absence of the Chief Executive Officer, the Chief Financial Officer and other senior management; and, at the end of each meeting, a further private session is usually held both with and without the Chief Executive Officer and Chief Financial Officer.

The written description of the role of the Board sets out matters specifically reserved for decision by the Board, but all Board members are free to raise other issues at Board meetings. Where directors have concerns that cannot be resolved about the running of the Company, or a proposed action, these are recorded in the Board minutes. Upon resignation, a non-executive director with any such concerns is able to circulate them to the Board via a written statement to the Chairman.

During the year, informal update sessions (supported by written papers where appropriate) were held by video conference for Board members in months in which no formal Board meeting took place. Beginning at the end of March 2020, additional update sessions took place (initially every two weeks) to keep Board members informed of the impact of the COVID-19 pandemic on the Company's operations.

The Board has delegated certain functions to committees, as set out below. However, the Board takes direct responsibility for the review and monitoring of key areas, such as risk management. All directors have access to the Company Secretary, who is responsible for ensuring that Board procedures are followed.

There is a procedure in place enabling any director, in the furtherance of his or her duties, to seek independent professional advice at the Company's expense.

In addition to their attendance at meetings of the Board and of those committees of which they are members, all directors are encouraged to attend meetings of those committees of which they are not members. Attendance of directors at Board and Committee meetings during the year was as follows:

REPORT ON CORPORATE GOVERNANCE (CONTINUED)

Board of Directors (continued)

	Board	Audit, Risk and Security Committee	Remuneration Committee	Nominations Committee
	(5 meetings) Number attended of meetings held while a director	(4 meetings) Number attended of meetings held while a director	(3 meetings) Number attended of meetings held while a director	(4 meetings) Number attended of meetings held while a director
David Kelly	0/0	0/0	¹ (0/0)	0/0
Nigel Railton	5/5	¹ (4/4)	¹ (3/3)	¹ (4/4)
Sir Hugh Robertson KCMG PC DL	5/5	¹ (4/4)	¹ (3/3)	4/4
Jane Rowe	5/5	4/4 ²	3/3	³ 4/4
Rob Rowley	5/5	4/4	¹ (3/3)	¹ (4/4)
Clare Swindell	4/4	¹ (3/3)	¹ (1/2)	¹ (0/2)
Jo Taylor	3/3 ⁴	¹ (2/3) ⁴	2/2 ⁵	3/3 ⁶
Jennelle Tilling	5/5	¹ (4/4)	¹ (3/3)	³ 4/4
Robert Walker	5/5	4/4	³ 3/3	¹ (4/4)
Gill Whitehead	5/5	³ 4/4	¹ (3/3)	¹ (4/4)

The table shows the number of meetings attended by each director as against the number of meetings he/she was entitled to attend while a director.

¹ Indicates that the named individual is not appointed to the Committee, followed (in brackets) by the number of meetings attended as against the number of meetings he/she was entitled to attend while a director.

² One of the four meetings was attended by Ilya Kachko (a member of Teachers’ staff) as Ms Rowe’s alternate.

³ Indicates that the named individual was appointed to the Committee part-way through the year, followed by the number of meetings attended as against the number of meetings he/she was entitled to attend (while a director, and whether or not a Committee member) during the entire year.

⁴ One of the three meetings that took place before Jo Taylor’s resignation from the Board on 5 December 2019 was attended by Ilya Kachko as Mr Taylor’s alternate.

⁵ One of the two meetings that took place before Jo Taylor’s resignation from the Board on 5 December 2019 was attended by Ilya Kachko as Mr Taylor’s alternate.

⁶ Two of the three meetings that took place before Jo Taylor’s resignation from the Board on 5 December 2019 were attended by Ilya Kachko as Mr Taylor’s alternate.

Gill Whitehead was appointed to, and David Kelly resigned from, the Board on 9 May 2019.

Under the terms of the third licence, all directors have to be security-vetted before they can be formally appointed to the Board, unless the Gambling Commission has issued a temporary waiver of that requirement in individual cases. Pending this clearance or waiver, those to be appointed are permitted to attend Board and Committee meetings as observers.

During the year under review, the Board delegated its authority to the following Committees:

Audit, Risk and Security Committee

Chair: **Rob Rowley**
Members: **David Kelly***, **Rob Rowley**, **Jane Rowe**, **Robert Walker**, **Gill Whitehead****
* Until 9 May 2019
** From 27 June 2019

Usual Attendees
The Chief Executive Officer and other functional managers (including the Chief Financial Officer, the Deputy Chief Financial Officer and the Director of Business Assurance) for relevant sections of the meeting, and representatives of the Company’s external auditors and Teachers’. The composition and independence of the Board is discussed on page 196.

In addition to the broad executive and non-executive business experience of each of the members of the Committee described in their biographies on pages 164 to 165, Jane Rowe holds a Bachelor of Commerce (Honours) degree from Memorial University, Newfoundland, an MBA from Your University’s Schulich School of Business and an ICD.D certification from the Institute of Corporate Directors in Toronto; Rob Rowley is a Fellow of the Institute of Management Accountants, and holds a BSc in Economics from the University of Southampton and an MBA from Cranfield University; and Gill Whitehead holds a BSc (Honours) degree in Economics and Econometrics from the University of Nottingham, and is a Fellow of the Institute of Chartered Accountants of England and Wales.

The Committee met four times in the year under review.

Its duties are as follows:

Audit

The Committee is responsible for ensuring that the system and standards of internal control within the Company, and, in particular, of the financial reporting, are to the highest standards, and for ensuring that the interests of the Company’s shareholders are safeguarded. The Committee is also responsible for considering how the Company should apply its financial reporting and internal control principles, maintaining an appropriate relationship with the Company’s external auditors (including assessing their independence), and ensuring the independence and effectiveness of the internal audit function.

It also reviews the Company’s financial and accounting policies, any formal announcements relating to its financial performance, and final financial statements and Annual Report (including significant financial reporting judgements contained in them) prior to their submission to the Board, together with management reports on accounting and internal control matters.

Where requested by the Board, the Committee provides advice on whether the final financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company’s position and performance, business model and strategy.

It also reviews the appointment and terms of reference of the external auditors, and their management representation letter, and considers any other matters raised by the external auditors. In respect of non-audit services, the Committee reviews the objectivity of the external auditors by reviewing the scope of work for such services to ensure that their independence is safeguarded. It monitors the effectiveness of the Company’s financial controls, and internal control and risk management systems. At least once a year, the Committee meets separately with the external auditors and the Director of Business Assurance, without any executive Board members present. The Committee is also responsible for reporting to the Board on how it has discharged its responsibilities.

PricewaterhouseCoopers LLP (‘PwC’) have been the Company’s external auditors since 1993.

The Committee considers the relationship with its external auditors is working well and remains satisfied with its effectiveness (taking into consideration relevant UK professional and regulatory requirements). The external audit partner is rotated every seven years and the current partner is in his third year following handover from his predecessor. The external auditors attend all Committee meetings, of which there were four in the financial year ended 31 March 2020, and the Committee assesses their effectiveness through this regular interaction. In the event that the Company were to bid for, and be awarded, the fourth licence, the Committee has determined that – subject to any truly exceptional change in circumstances in the meantime – the provision of external audit services would be put out to tender for the subsequent financial year after the outcome of the bid was known.

REPORT ON CORPORATE GOVERNANCE (CONTINUED)

Reporting of Significant Issues

As part of its work, the Committee focused on the following significant accounting areas in relation to the financial statements:

Revenue Recognition

Camelot’s revenue recognition policy, set out in note 2(d) to the financial statements, is reviewed annually, to ensure it properly reflects the nature of transactions and is in accordance with accounting standards. Internal controls are designed to mitigate against revenue being recorded in the incorrect period. PwC performed detailed audit procedures on revenue recognition and the relevant internal controls, and reported its findings to the Committee. Having reviewed the policy and considered the controls in place, the Committee has concluded that the timing of revenue recognition continues to be in line with IFRS requirements.

Provisions

In accounting for provisions, judgement is required to assess the probability of outcome, maturity and level of risk. Judgement and estimation is required in the provision methodology and, for certain provisions, consideration of external information on which to base the provision. Details of the accounting policy relating to provisions are set out in note 2(r) to the financial statements.

Provisions made, and the basis on which they have been calculated, are disclosed in note 20. The Committee has confirmed the appropriateness of accounting policies relating to provisions, as well as those provisions held at 31 March 2020, in particular those relating to long-term incentive plans. PwC performed detailed audit procedures on provisions, including the appropriateness of any assumptions and reliance on external information, and reported its findings to the Committee.

Capitalisation and Impairment of Assets

The Company continues to make significant investment in capital assets, which are assessed annually for impairment. The Committee has reviewed the appropriateness of capitalisation and impairment decisions adopted by management, and concluded that current processes are sufficient to ensure that capitalised assets are correctly captured, valued and reported. Assets are capitalised and impaired in accordance with IFRS, as set out in the accounting policies disclosed in note 2 to the financial statements.

Implementation of IFRS 16 Leases

Effective 1 April 2019, the Company has implemented the new leasing standard, IFRS 16, as described in note 2(a) to the financial statements. The Committee has reviewed the key judgements that underpin the valuation of the assets and lease liabilities brought onto the balance sheet, and concluded that the accounting and related disclosures are appropriate.

Licence Compliance

The Committee has also continued to focus on, and monitor the controls surrounding, compliance with the operating licence granted by the Gambling Commission and the financial implications of licence non-compliance.

Risk

The Committee assists the Board in fulfilling its responsibilities for managing the risk associated with the business and markets within which the Company operates, overseeing the internal control framework, and determining the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives. The two core responsibilities of the Committee in respect of risk are to ensure an appropriate framework is provided for managing risks throughout the Company, and to provide an appropriate forum through which the detailed status of risk management is reported to the Board.

During the year, the Committee spent time discussing the risks associated with the various ongoing major change projects and programmes, as well as other principal risks including threat of cyber attack, player protection and the retailer environment etc. The Committee discusses significant issues with management, both independently and as a result of external audit procedures.

Security

The Committee is responsible for approving and ensuring adherence to a set of security policies for the implementation and operation of The National Lottery. The Committee is regularly informed of any potential security issues within the Company (including physical, logical and personnel security, and disaster planning). It is also responsible for overseeing the activities undertaken by the Company’s Chief Information Officer in respect of security, and for reviewing any major security breaches that are brought to the attention of the Chairman of the Committee immediately that they are identified.

Remuneration Committee

Chair: **Jo Taylor***, **Jane Rowe****

Members: **Jane Rowe**, **Jo Taylor***, **Robert Walker****

* Until 5 December 2019

** From 5 December 2019

The Committee is responsible for establishing a formal and transparent procedure for developing the framework and broad policy for determining the remuneration of the Company’s Chief Executive Officer, independent non-executive directors and employees in management with a senior role in the Company. In determining those matters, the Committee is required to review workforce remuneration and related policies, and the alignment of incentives and rewards with culture, and take these, and all other factors which the Committee deems necessary (including different incentives needed in different scenarios), into account.

The Committee is also required to address the need for remuneration arrangements to be clear, simple, proportionate, predictable, aligned to culture and appropriate in the light of reputational and other risks. The objectives of the broad policy are required to ensure a range of outcomes, including supporting the strategy and promoting the long-term sustainable success of the Company, ensuring remuneration is aligned to the Company’s purpose, values and long-term strategy, enabling the use of discretion to override formulaic outcomes, and avoiding rewarding poor performance. The Committee met three times during the year under review.

The Remuneration Committee, which includes representation by the shareholders, reviewed and approved the annual bonus arrangements for the financial year ended 31 March 2020, with executive directors’ and senior managers’ performance metrics based on sales, returns to Good Causes and profitability, each underpinned by operational integrity – an approach which is consistent and aligned with all employees. Through the inclusion of performance metrics, the Committee ensures that reputational and other risks arising from a target-based incentive plan are mitigated.

The Employee Forum receives communication and updates on the remuneration arrangements in place for employees each year, and the wider leadership team is briefed annually on the details of the scheme. This includes how remuneration aligns with the wider company pay policy. Executive directors and senior management have an additional metric of performance against key objectives in the

Annual Business Plan, and a higher weighting is placed on returns to Good Causes performance, aligning performance with purpose. Bonus awards are capped with a maximum payout, and the scheme has provisions to reduce bonus awards for any under-performance.

In approving arrangements, the Remuneration Committee reviewed and considered total remuneration for the executive directors and senior management. The gender pay gap data was considered by the Committee as part of the regular agenda and progress tracked. Discretion is allowed for in the remuneration policies and structures, and the Committee considered senior management exit arrangements and applied an element of discretion to reflect performance. The scheme has operated as intended in 2020.

Willis Towers Watson continues as an advisor to the Company (but not, during this financial year, directly to the Remuneration Committee) and, in the course of the year, advised the Company in relation to staff remuneration and provided ad hoc support to the HR team. Willis Towers Watson Health & Benefits (part of Willis Towers Watson) acts as the Company’s brokers for Life Assurance, PHI and PMI benefits, and dental scheme, and is also the provider of the Company’s occupational health/managed care service (the support link between PHI and PMI claims).

Nominations Committee

Chair: **Sir Hugh Robertson KCMG PC DL**

Members: **David Kelly***, **Sir Hugh Robertson KCMG PC DL**,

Jane Rowe**, **Jo Taylor*****, **Jennelle Tilling******

* Until 9 May 2019

** From 5 December 2019

*** Until 5 December 2019

**** From 27 June 2019

Camelot recognises the vital role that non-executive directors play in ensuring high governance standards.

The Committee is responsible for adopting a formal, rigorous and transparent procedure for the recommendation of new directors, and for considering and recommending suitable candidates for appointment by the C preference shareholders who have the time to commit to the Company, are of appropriate experience, age, qualifications, background and reputation, will provide constructive challenge, strategic guidance and specialist advice, and will hold management to account.

REPORT ON CORPORATE GOVERNANCE (CONTINUED)

Nominations Committee (continued)

The Committee is required to consider candidates from a wide range of backgrounds, paying due regard to the Board's diversity and inclusion policy. This policy recognises the importance of diversity and inclusion; records the Company's commitment to promoting equality of opportunity and inclusion within its organisation, as well as for its players, retailers and wider society; and also confirms the Company's commitment to have due regard to the benefits of diversity and inclusion on the Board, and the making of appointments based on merit, measured against objective criteria and the aptitude, skills and ability individuals can bring to the business. The Committee is comprised exclusively of non-executive directors, under the chairmanship of the Chairman of the Board.

During the financial year ended 31 March 2020, the Committee met four times. Its work centred on Board and senior management succession planning, which are standing items on the Committee's meeting agenda.

Consideration of Board succession provided clarity to the Board as to when new appointments to the Board will need to be addressed. The appointment of Gill Whitehead as an independent non-executive director was considered by the Committee during the year. When considering such appointments, typically the Committee consults with Teachers', the Chief Executive Officer and other members of the Board (including, where relevant, the results of the most recent review of the effectiveness of the Board and its Committees), and appoints an external agency in relation to the search. The Up Group advised the Committee in relation to the search for the new independent non-executive directors. The Up Group had no other connection with the Company or any of its directors.

Throughout the year, the Committee reviewed and monitored the pipeline of individuals who have been identified as potential emergency and/or permanent successors to all members of the Executive team and other senior management roles, and (following senior management talent reviews) where further development of potential successors needs to be undertaken. The Committee's focus on Board and senior management succession planning signals the Board's recognition of, and commitment to, the importance of the development of a diverse and inclusive pipeline of succession to the Board and Camelot's senior management team.

The Committee's work during the year also included diversity reporting and reviewing the Board's (and Camelot's more detailed) new diversity and inclusion policy (enhancing the Board's and Camelot's previous diversity policies). The Board's new policy recognises the importance of diversity and inclusion, and aims to attract, engage and retain a workforce as diverse as Camelot's players, customers and the communities that Camelot's work supports. It seeks to encourage an inclusive working culture and environment which values difference, enables people to be themselves, and supports Camelot's ambition to have a highly-engaged and high-performing team. It commits the Board to ensuring that Camelot values and respects people of all cultures, nationalities, races and religions, regardless of characteristics such as gender, gender identity and/or expression, age, disability, marital or parental status, or sexual orientation. It continues to recognise the benefit of diversity on the Board and in Camelot's senior leadership team, and the importance of creating an inclusive environment. It states that all Board appointments – while being based on merit, measurement against objective criteria and the aptitude, skills and ability individuals can bring to the business – will also give regard to diversity and inclusion.

The Board's policy is implemented, in particular, by virtue of its being taken into account by the Nominations Committee in its work in relation to Board and senior management succession planning; by ensuring that Camelot's more detailed Company policy is consistent with the Board's policy; and by monitoring implementation of related activities in Camelot during the year. The policy is directly linked to one of the pillars of Camelot's strategy – to create an environment that allows Camelot to attract and retain talent, enabling that talent to thrive and promoting high performance, understanding Camelot's talent and organisational capability and addressing any gaps and development needs, and further improving Camelot's integrity and operational capability. All activities in the 2019/20 Annual Business Plan associated with this strategic pillar were completed, and associated key performance indicators were substantially met.

The Committee also considered and recommended to the Board the appointment of the Chief Financial Officer to the Board, and the approval of the appointment of the Chief Executive Officer and one of the independent non-executive directors to other external boards.

Nominations Committee (continued)

As at 25 June 2020, 50% (four of the eight members) of the Board are female, compared with 14% (one of seven) as at 1 April 2018 and 38% (three of eight) as at 27 June 2019. Similarly, as at 25 June 2020, 25% (three of the 12 members) of the Executive Team are female, compared with 23% (three of 13) as at 1 April 2018 and 27% (three of 11) as at 27 June 2019.

The gender balance of those in senior management (ie the Executive Team and their direct reports from grades 3 to 5) was 64/36% male/female as at 11 May 2020, consistent with 64/36% as at 1 April 2018 and 64/36% as at 30 May 2019.

Board Effectiveness Review

In February to March 2020, an internally-facilitated review of the Board and its committees was undertaken and was discussed on a one-to-one basis between the Chairman and individual directors, and also in private session of the Board. The Senior Independent Director, Robert Walker, led a review by the directors of the performance of the Chairman, which Mr Walker discussed with the Chairman. As a result of the reviews, the Chairman will continue to focus in particular on ensuring that the agenda and supporting papers for Board meetings are appropriate in both content and length, and that directors receive appropriate, timely and concise updates where otherwise required outside the normal cycle of Board meetings.

Independent Non-Executive Directors

The independent non-executive directors are independent of both management and the shareholders, and are initially appointed for a three-year term. Thereafter, while not automatic, their appointment may be extended for further terms, subject to mutual agreement and shareholder approval. The independent non-executive directors have full access to management, and are encouraged to stay fully abreast of the Company's business through site visits and meetings with senior management.

Appropriate induction briefings are available to all directors on appointment and subsequent training is offered, as necessary, taking into account qualifications and experience.

Relations with Shareholders

The Group's ultimate parent undertaking and controlling party is Teachers' (note 1). The Company maintains close links with Teachers', which has representation on the Board, and also has direct lines of access to the Chairman, the Chief Executive Officer, the independent non-executive directors and the Company Secretary.

Licence Compliance

The directors are responsible for establishing an adequate system of control so that assurance is provided over compliance with the provisions of the third operating licence and Section 6 game licences, and any other provisions imposed by or under any statute which relate to the running of The National Lottery or the promotion of any constituent lottery. The system of internal control includes the reporting of regulatory matters to the Audit, Risk and Security Committee by the Director of Business Assurance and Director of Regulatory Affairs. Internal audits and reviews performed by the Internal Audit function also provide assurance.

Risk Management and Internal Control

Managing Risks

Under its National Lottery operating licence, Camelot is required to establish and maintain an effective system of corporate governance, internal control and risk management.

Business Assurance provides independent and objective assessment to Camelot to support its strategic aims, through improving the integrity and effectiveness of the organisation's risk management, control, compliance and governance processes.

Business Assurance comprises Internal Audit, Compliance and Risk & Insurance functions, and is led by the Director of Business Assurance, who reports independently to the Chair of the Audit, Risk and Security Committee.

The purpose of the Risk & Insurance function is to ensure that the Company maintains an enterprise risk management (ERM) process that demonstrates the effective risk management process, effective corporate governance process and compliance with Gambling Commission licensing requirements.

REPORT ON CORPORATE GOVERNANCE (CONTINUED)

Risk Management and Internal Control (continued)

Managing Risks (continued)

The key outputs from the Risk & Insurance function are the principal risk registers and the functional risk registers to give top-down and bottom-up views of risk.

Within Camelot, the review of risk and internal controls is an integrated, embedded management process rather than an isolated year-end exercise, and is designed to support management’s decision-making.

Roles and Responsibilities

Board of Directors

The Board has carried out a robust assessment of Camelot’s emerging and principal risks during 2019/20, by means of the governance described below.

Oversight of the ERM process to ensure that it is used to help inform, develop and achieve the strategic objectives of the Company.

At the Board meeting following an Audit, Risk and Security Committee meeting, the Chair of the Committee presents key risks to the Board, which reviews how these risks are being controlled and monitored, if those directors who are not members of the Committee have not attended the Committee meeting.

Audit Risk and Security Committee (ARSC)

Reviewing management’s identification of the significant risks (principal risks) of the Company in accordance with the ERM policy, and the controls in place and planned to mitigate exposures.

The ARSC considers the Company’s key risk profile, and the actions taken and controls in place or planned to mitigate exposures. If required, the Committee can request deep dives to be performed into significant risks to ensure that management focus and mitigations remain appropriate.

The Compliance and Risk Committee (CRC)

The CRC is a sub-committee of the Executive Committee, where the risk appetite and tolerance statement is proposed, the overall risk position of the Company is considered, the effectiveness of the current process is assessed and changes are driven forward. The CRC meets prior to each ARSC meeting to review and assess the Company’s key risks for communication to the Executive and then ARSC. This Committee also provides a forum for sharing strategic decisions that could impact risk management, and for improving the overall Company control environment.

Risk Owners

Risk Owners are typically the senior managers responsible for the Company’s functions/ operational teams and are responsible for ensuring that the ERM process is followed.

Risk Management Process

The ERM process and systems of internal control are designed to manage, rather than eliminate, risk and to ensure that the Company’s strategic objectives are achieved. The high level of risk awareness in Camelot, together with risk reporting to the Board, allows the Board to ensure that focused steps are taken to address risk exposures.

The ERM process applies the principle of identifying risk from a strategic, operational and external perspective (top-down), along with an understanding of the department risk registers (bottom-up). This approach is summarised in the five steps below. The five steps require input from all departments within the Company, and facilitate management’s understanding of the risks facing their departments, and managing these risks within the risk appetite/tolerance established by senior management and agreed by the Board and ARSC.

1.Risk Identification

Risks are identified by each function, classifying risks into eight main risk categories under a common taxonomy (see Risk Categories and Risk Appetite section on the next page). Each identified risk is recorded in a risk mitigation plan, and assessed for impact on the organisation and likelihood of occurrence.

2. Risk Assessment and Measurement

Risk assessment includes consideration of: (a) the likelihood of the risk and (b) the impact of the risk occurring on the achievement of Camelot’s objectives within a specified timeframe.

Risk Management and Internal Control (continued)

Risk Management Process (continued)

3. Risk Response and Action

For each identified risk, the business unit/ function should establish a 'response' to manage the risk based upon the agreed risk appetite and tolerance for that risk category.

4. Monitoring

Risk and response activities should be monitored by the Risk Owner on a regular basis to ensure that their risks remain within tolerance.

5. Reporting

The Board, ARSC and CRC require the results of the ERM process to be periodically reported to them in their oversight capacity, and to gain assurance that risks are being proactively managed (and mitigated) within the approved risk tolerance levels.

Risk Categories and Risk Appetite

All risks identified are allocated to one or more of the risk categories below:

- Strategic
- Financial
- Commercial
- Operations
- Security (including information security)
- People
- Legal and Regulatory
- Reputation and Brand

The Company’s risk appetite, which has been set by the Board, clearly articulates the amount of acceptable risk within which departments can operate. This risk appetite provides direction and boundaries for consistent, measured, risk-aware decision-making throughout the business, and guides the Company in taking the right level of risk. A scale of low to extreme illustrates the range of risk appetite, as well as risk tolerance, across each of the eight categories of risk. For example, the Company may take more risk in the pursuit of commercial objectives than it would with respect to legal or regulatory requirements.

Internal Control

There were no changes in the Company’s internal control over financial reporting that occurred during the year that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

The Board of Camelot is committed to the principles of good governance set out in the UK Corporate Governance Code and has adopted those that are relevant to its circumstances.

In doing so, the Board has been mindful of the broad stakeholder responsibilities of the Company arising from the operation and promotion of The National Lottery, alongside its responsibility to its shareholders. More details of how Camelot consults with its stakeholders are set out in the "Doing Business Responsibly" section on pages 134 to 151 and in the section 172 statement on pages 180 to 183.

In adopting the principles and practice of the Code, the Board has taken account of the fact that the Company’s principal shareholder is represented on the Board. Accordingly, the Board considers that many of the Code’s provisions relating to a public company’s responsibilities to protect shareholders’ interests and to communicate to shareholders are not relevant to the Company, and it believes that robust governance has been maintained appropriately in the context of its ownership.

Those areas where the Board has chosen to depart from the provisions of the Code during the year are set out below.

Provision 3 states that “in addition to formal general meetings”, the chair should seek regular engagement with major shareholders in order to understand their views on governance and performance against the strategy. The Company is effectively owned by one shareholder, which has representation on the Board and has determined that the Company will not hold an annual general meeting. The Gambling Commission has waived the requirement of condition 14.2 of the third operating licence that the Company should comply with provision 3 of the Code.

Provision 18 states that all directors should be subject to annual election by shareholders. Because Camelot’s C preference shareholders have the exclusive right to appoint or remove each of the Company’s directors, these provisions are not appropriate. The Gambling Commission has waived the requirement of condition 14.2 of the third operating licence that the Company should comply with provision 18 of the Code.

REPORT ON CORPORATE GOVERNANCE (CONTINUED)

Risk Management and Internal Control (continued)

Internal Control (continued)

Provision 30 requires a board to report in annual and half-yearly financial statements whether it considers it appropriate to adopt the going concern basis of accounting in preparing them, and identify any material uncertainties to the company’s ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements. Given the Company’s existing reporting obligations, it being owned ultimately by a single shareholder and the high degree of oversight of its operations by the Gambling Commission, it is not appropriate for the directors to report on a half-yearly basis. The Gambling Commission has waived the requirement of condition 14.2 of the third operating licence that the Company should comply with provision 30 of the Code.

Provisions 32 and 24 relate to the composition of the Remuneration and Audit Committees respectively. The provisions set out that the Remuneration and Audit Committees should comprise independent non-executive directors.

- During 2019/20, the Remuneration Committee comprised two non-executive directors who are employees of Teachers’ and therefore are not deemed to be independent under the terms of the Code (though they are independent of management). In the latter part of 2019/20, the Remuneration Committee comprised (and continues to comprise) one director who is an employee of Teachers’ and one independent non-executive director. Under the Company’s Articles of Association, the right to appoint the members of the Remuneration Committee is reserved exclusively to the C preference shareholders and so the provision is not relevant to the Company.
- The Audit, Risk and Security Committee comprises three independent non-executive directors and one non-executive director who is not deemed to be independent under the terms of the Code; she is, however, independent of management.

- Neither of the executive directors nor any other member of Camelot staff is a member of these committees. This structure has been agreed by the Board as a whole, which believes that the Remuneration and Audit Committees are appropriately resourced. The Gambling Commission has waived the requirement of condition 14.2 of the third operating licence that the Company should comply with these two provisions of the Code.

The Gambling Commission’s waivers referred to above are subject to two conditions:

- the Commission must be promptly notified by the Chairman, or his nominee, if a Board decision is taken which is voted against by two or more of the independent non-executive directors; and
- any proposed changes to the Company’s Board structure require the Commission’s prior written consent.

Furthermore, the Chairman meets the Chair of the Gambling Commission twice a year to discuss performance.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAMELOT UK LOTTERIES LIMITED

Report on the Audit of the Financial Statements

Opinion

In our opinion, Camelot UK Lotteries Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report"), which comprise: the balance sheet as at 31 March 2020; the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

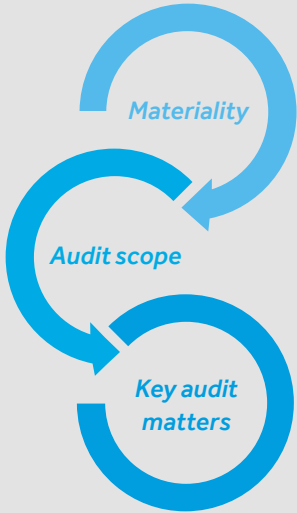
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall materiality: £7.2 million (2019: £6.8 million), based on 1% of net income
- One legal entity, whose operations are solely in the UK and the audit is conducted by one team
- Financial impact of non-compliance with Licence requirements;
- Provisions – Long-Term Incentive Plans; and
- Going concern assessment in light of COVID-19 impact

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<p>Financial impact of non-compliance with Licence requirements (refer to note 18)</p> <p>The company operates The UK National Lottery pursuant to an operating Licence granted by its regulator, the Gambling Commission.</p> <p>This Licence requires the company to comply with its terms and confirm a number of statements to the Gambling Commission as part of its regulatory reporting.</p> <p>This is an area of increased focus because non-compliance with the Licence terms could result in legal action, reputational damage, penalties or loss of the Licence to operate the UK National Lottery, all of which would have an adverse impact on the company and is prevalent across all financial statement assertions.</p> <p>In addition, the company is nearing the end of its Third Licence and non-compliance could impact its Fourth Licence process. The financial impact of this risk could include changes to liabilities and impact on viability.</p>	<p>We considered ongoing discussions and correspondence with the Gambling Commission and whether there is any evidence of non-compliance with the Licence requirements and any material exposure thereon.</p> <p>We considered any changes to provisions, contingencies and disclosures in light of any Gambling Commission findings or ongoing investigations.</p> <p>Based on the evidence obtained, and noting the inherent uncertainty associated with these types of legal and regulatory matters, we determined the liability at 31 March 2020 to be appropriate.</p> <p>Based on our work, we concluded that management's assessment appropriately considers those items of potential exposure and the disclosures within the Annual Report are appropriate.</p>
<p>Provisions – Long Term Incentive Plans (refer to note 20)</p> <p>The company operates Long Term Incentive Plans ('LTIPs') for senior management. The LTIP provisions are material and the calculation of future obligations requires judgement.</p> <p>The risk is applicable to the completeness, rights and obligations and valuation of LTIP provision.</p> <p>A new scheme linked to a successful outcome of winning the fourth National Lottery licence was implemented during the year. Based on the current uncertainty as to whether the company, or related companies within the Camelot organisation, will bid for the new licence, a charge has not been recorded in accordance with the relevant accounting standard.</p>	<p>We obtained management's calculation of the provision and agreed the closing provision to the general ledger. We tested the arithmetical accuracy within the provision calculation.</p> <p>We tested the reconciliation of the movements in the provision during the year for accuracy. The current year charge was agreed to the underlying calculation supporting the provision. For historical plans, we checked whether the inputs were accurate, and for new plans, the key features were agreed back to the plan rules and employee agreements to substantiate the rights and obligations.</p> <p>We agreed the utilisation of the provision to cash payments made during the year.</p> <p>We considered the reasonableness of key assumptions used in the provision including:</p> <ul style="list-style-type: none">• The expected achievement of performance vesting conditions by agreeing to management's internal forecasts, having first considered the historical accuracy of management's forecasting process; and• The expected forfeitures, which we considered in light of historical levels of management turnover. <p>We assessed the appropriateness of management's conclusion that a charge associated with the new LTIP should not be recorded in the current year and considered this to be appropriate.</p> <p>Based on our procedures, we noted no exceptions and consider management's approach and assumptions to be reasonable.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Going concern assessment in light of COVID-19 impact (refer to the Going Concern section of the Directors' Report on page 189)</p> <p>The COVID-19 pandemic gives rise to an unprecedented economic environment and increases the credit and financial liquidity risk of the company.</p> <p>The extent of the negative impact of the pandemic on future trading performance is unclear.</p> <p>To support the Directors' assessment of going concern, a cash flow forecast has been prepared which includes their best estimate of the impact of COVID-19.</p> <p>This model and the related assumptions has been used to underpin the Directors' going concern assessment.</p> <p>As part of the assessment, a downside scenario has been modelled in order to assess the impact of changes in assumptions that would erode the forecast liquidity and whether this scenario is considered to be reasonably possible. The Directors concluded that the downside case that results in removal of headroom is not plausible based on historical performance, results to date and their knowledge of the lottery sector. Together with this and an assessment of the principal risks and uncertainties facing the company, the Directors have concluded that the company is a going concern and that no material uncertainty exists.</p>	<p>We obtained management's going concern assessment and cash flow forecast, tested the mathematical accuracy of the model and compared the inputs to the latest board approved budgets that factored in the revised COVID-19 case.</p> <p>We considered the appropriateness of key assumptions used to forecast future ticket sales, including sales channel mix between digital and retail, and compared them to actual trading results to June 2020.</p> <p>We considered the appropriateness of the sales forecast in light of historic trends.</p> <p>We agreed available debt facilities and covenants to the underlying agreements, and assessed whether the cost mitigations and actions proposed by management are within their control.</p> <p>We performed independent downside sensitivities to stress test the model in relation to the factors considered above, noting that liquidity headroom is maintained and covenants are not breached within the going concern review period.</p> <p>Our conclusions regarding going concern are set out separately in this report.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£7.2 million (2019: £6.8 million).
How we determined it	1% of net income.
Rationale for benchmark applied	We have applied this benchmark as it is our understanding that net income is the principal measure monitored by the company's shareholder in assessing the financial performance of the company.

We agreed with the Audit, Risk and Security Committee that we would report to them misstatements identified during our audit above £360,000 (2019: £340,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	<p>We have nothing material to add or to draw attention to.</p> <p>However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.</p>

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report, Directors' Report and Report on Corporate Governance, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06) and ISAs (UK) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The directors' assessment of the prospects of the company and of the principal risks that would threaten the solvency or liquidity of the company

As a result of the directors' reporting on how they have applied the UK Corporate Governance Code (the "Code"), we are required to report to you if we have anything material to add or draw attention to regarding:

- The directors' confirmation on page 190 of the Annual Report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 190 of the Annual Report as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report in respect of this responsibility.

Other Code Provisions

As a result of the directors' reporting on how they have applied the Code, we are required to report to you if, in our opinion:

- The statement given by the directors, on page 194, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the company's position and performance, business model and strategy is materially inconsistent with our knowledge of the company obtained in the course of performing our audit.
- The section of the Annual Report on pages 199 to 200 describing the work of the Audit, Risk and Security Committee does not appropriately address matters communicated by us to the Audit, Risk and Security Committee.

We have nothing to report in respect of this responsibility.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements set out on page 194, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Jonathan Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 June 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £m	2019 £m
Gross ticket sales	3	7,905.1	7,206.8
Lottery Duty		(948.6)	(864.8)
Prizes		(4,505.0)	(4,128.5)
National Lottery Distribution Funds		(1,730.0)	(1,529.6)
Net income		721.5	683.9
Retailers' and other commission		(312.7)	(303.9)
Gaming systems and data communication costs		(126.2)	(125.3)
Gross profit		282.6	254.7
Administrative expenses		(190.8)	(178.0)
Other operating income		3.9	3.9
Operating profit	4	95.7	80.6
Finance income	6	3.7	3.5
Finance costs	6	(4.4)	(1.0)
Profit before income tax		95.0	83.1
Income tax	7	(16.9)	(15.1)
Profit for the financial year and total comprehensive income attributable to owners of the Company after tax		78.1	68.0

The results detailed above are all derived from continuing operations.

The Company has no recognised income or expense other than that shown above.

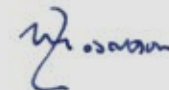
The notes on pages 220 to 248 are an integral part of these financial statements.

BALANCE SHEET AS AT 31 MARCH 2020

	Note	2020 £m	2019 £m
ASSETS			
Non-current assets			
Intangible assets	9	43.5	51.0
Property, plant and equipment	10	31.3	52.3
Right of use assets	11	35.8	-
Deferred taxation	19	8.0	4.6
Trade and other receivables	13	36.9	35.1
		155.5	143.0
Current assets			
Inventories	12	1.7	1.3
Trade and other receivables	13	537.7	445.1
Current income tax receivable		0.1	-
Cash and cash equivalents	14	181.4	85.6
		720.9	532.0
Total assets		876.4	675.0
LIABILITIES			
Non-current liabilities			
Financial liabilities	17	21.5	3.4
Trade and other payables	18	0.3	0.4
Provisions for liabilities and other charges	20	21.5	22.1
		43.3	25.9
Current liabilities			
Financial liabilities	17	47.7	7.9
Trade and other payables	18	732.9	583.2
Current income tax liability		-	5.9
Provisions for liabilities and other charges	20	5.2	2.7
		785.8	599.7
Total liabilities		829.1	625.6
EQUITY			
Capital and reserves			
Share capital	21	0.0	0.0
Retained earnings	22	47.3	49.4
Total equity		47.3	49.4
Total equity and liabilities		876.4	675.0

The notes on pages 220 to 248 are an integral part of these financial statements.

The financial statements on pages 216 to 219, including the accompanying notes, were approved by the Board of Directors on 25 June 2020 and were signed on its behalf by:



Sir Hugh Robertson KCMG PC DL
Chairman

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Note	Share capital £m	Retained earnings £m	Total equity £m
Balance as at 1 April 2018		0.0	33.6	33.6
Comprehensive income				
Profit for the financial year		0.0	68.0	68.0
Total Comprehensive Income		0.0	68.0	68.0
Transactions with owners				
Dividends paid	8	0.0	(52.2)	(52.2)
Total transactions with owners		0.0	(52.2)	(52.2)
Balance as at 31 March 2019		0.0	49.4	49.4
Comprehensive income				
Profit for the financial year		0.0	78.1	78.1
Total Comprehensive Income		0.0	78.1	78.1
Transactions with owners				
Dividends paid	8	0.0	(80.2)	(80.2)
Total transactions with owners		0.0	(80.2)	(80.2)
Balance as at 31 March 2020		0.0	47.3	47.3

At 31 March 2020, the Company has share capital totalling £1,010 (2019: £1,010), as disclosed in note 21 to these financial statements.

The notes on pages 220 to 248 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 Total £m	2019 Total £m
Cash flows from operating activities			
Cash generated from operations	23	198.7	142.0
Interest received		3.7	3.5
Interest paid		(4.4)	(1.0)
Income tax paid		(20.6)	(13.2)
Group relief payments		(3.9)	(8.3)
Net cash from operating activities		173.5	123.0
Cash flows used in investing activities			
Purchase of property, plant and equipment		(2.0)	(3.2)
Expenditure on intangible assets		(13.7)	(21.8)
Net cash used in investing activities		(15.7)	(25.0)
Cash flows used in financing activities			
Dividends paid to shareholders - interim		(80.2)	(52.2)
Revolving credit facility drawdown		35.0	-
Principal lease payments		(16.8)	(11.0)
Net cash used in financing activities		(62.0)	(63.2)
Net increase in cash, cash equivalents and bank overdrafts		95.8	34.8
Cash, cash equivalents and bank overdrafts at the beginning of the year		85.6	50.8
Cash, cash equivalents and bank overdrafts at the end of the year	14	181.4	85.6

The notes on pages 220 to 248 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Camelot UK Lotteries Limited ('the Company') operates and promotes The United Kingdom National Lottery. The Company operates in the United Kingdom and Isle of Man.

The Company is a private company limited by shares incorporated and domiciled in England, UK. The address of its registered office is Camelot UK Lotteries Limited, Tolpits Lane, Watford, Hertfordshire, United Kingdom, WD18 9RN.

Its immediate parent is Premier Lotteries UK Limited (PLUK), a subsidiary of Premier Lotteries Capital UK Limited (PLCUK), itself a subsidiary of Premier Lotteries Investments UK Limited (PLIUK). PLUK is the parent undertaking of the smallest group to consolidate these financial statements reporting under IFRS as adopted by the EU. PLIUK is the parent undertaking of the largest group to consolidate these financial statements reporting under IFRS as adopted by the EU. The financial statements of PLUK and PLIUK are available from Magdalen House, Tolpits Lane, Watford, Hertfordshire, United Kingdom, WD18 9RN.

The Company's ultimate parent undertaking and controlling party is Ontario Teachers' Pension Plan (Teachers'), headquartered in Canada. The financial statements of Teachers' are publicly available at www.otpp.com. The Company maintains close links with Teachers', which has representatives on the Board and also has direct lines of access to the Chairman, the Chief Executive, the independent non-executive directors and the Company Secretary.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements for the year ended 31 March 2020 are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of Preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), and interpretations issued by IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For more information on how the directors have assessed viability, refer to the Viability Assessment section in the Directors Report on page 188. The Company, therefore, continues to adopt the going concern basis in preparing its financial statements. Further information on the Company's financial risk management is given in note 16.

The Company's accounting policies were selected by management considering all applicable IFRS adopted by the EU by 31 March 2020.

i) Adoption of new and revised standards in the year:

IFRS 16 'Leases' became effective on 1 January 2019 and was applied by the Company for the first time in the annual financial statements to 31 March 2020.

IFRS 16 is the International Financial Reporting Standard that sets out how assets and liabilities from leases should be accounted for on the Balance Sheet, Statement of Comprehensive Income and Statement of Cash Flows. The standard replaces IAS 17 'Leases' and related interpretations.

IFRS 16 requires the lessee to recognise a right-of-use asset and a lease liability at the commencement date: a depreciation charge related to the right-of-use asset and an interest expense on the lease liabilities, as compared to the recognition of operating lease expense or rental cost on a straight-line basis over the lease term under prior requirements.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying the standard to contracts previously recognised as leases under IAS 17 rather than reassessing each contract on the date of initial application;
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the recognition exemption for short-term and low-value leases;

2. Summary of Significant Accounting Policies

i) Adoption of new and revised standards in the year (continued):

- reliance on previous assessments on whether leases are onerous, on a lease-by-lease basis; and
- on a lease-by-lease basis, adjust the right-of-use asset on transition by the amount of any previously recognised onerous lease provision, as an alternative to performing an impairment review.

On application of IFRS 16, the Company chose the modified retrospective approach for adoption and, therefore, no restatement of the comparative period was required. Upon initial application, the Company recognised an additional £40.0m of right-of-use assets and £39.5m of lease liabilities on 1 April 2019 in respect of leases previously classified as operating leases. Lease liabilities were measured

at the present value of future lease payments, discounted using the incremental borrowing rates at the date of initial application. These additional assets were added to the net book value of existing right-of-use assets of £9.9m and the additional lease liabilities were added to previous finance lease liabilities of £11.3m. Right-of-use assets were recognised at an amount equal to the lease liability adjusted for any amounts recognised already on the balance sheet, in respect of the lease, at the date of initial application.

Property portfolio – 5.5% discount rate
Plant, Equipment and Vehicles portfolio – 11% discount rate

The weighted average discount rate applied on adoption is 8.6%.

A reconciliation from the prior year operating lease disclosures to the lease liability at date of initial application is as follows:

	£m
Operating Lease commitments disclosed as at 31 March 2019	49.2
(less) discounting using the Company's incremental borrowing rate(s)	(8.5)
(less) service/non-lease components of lease contracts	(7.3)
add adjustments due to different treatment of extension and termination options	6.5
(less) contracts to which the low-value leases exemption has been applied	(0.4)
add existing Finance Leases liability at 31 March 2019	11.3
Lease liabilities as at 1 April 2019	50.8

The impact of application of IFRS 16 on the following financial statement line items at 1 April 2019 is as follows:

	£m
Decrease in Property, Plant and Equipment	(9.9)
Increase in Right-of-use Assets	49.9
Decrease in Trade and Other Receivables	(1.0)
Decrease in Provisions	(0.4)
Increase in Financial Liabilities	39.5

No other new accounting standards, or amendments to accounting standards that are effective for the year ended 31 March 2020, have had a material impact on the Company.

ii) New standards, amendments and interpretations not yet adopted:

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2020. The Company has not early-adopted any standard, amendment or interpretation in the year. The directors are currently evaluating the impact of these new standards on the financial statements but their adoption is not expected to have a material impact on the annual financial statements, and they will be planned for adoption in line with when they are effective. The new standards, amendments and interpretations are:

Amendments to IAS 1 and IAS 8 on the definition of material (effective for 31 March 2021 year end);
Amendments to IFRS 9, IAS 39 and IFRS 7 – interest rate benchmark reform (effective for 31 March 2021 year end); and
Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities (effective for 31 March 2022 year end).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of Significant Accounting Policies (continued)

b) Critical Accounting Judgements and Estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting assumptions, and it also requires management to exercise its judgement and to make estimates in the process of applying the Company’s accounting policies. The areas requiring a higher degree of judgement, or areas where assumptions and estimates are significant to the financial statements, are discussed below and in the provisions section in note 2(r).

Judgements
Intangible assets

The Company capitalises intangible assets in line with IAS 38. Forecast cash flow information and estimates of future earnings are used to assess whether intangible assets are impaired and to assess useful economic lives. If the results of operations in future periods are less than those used in impairment testing, an impairment may be triggered, or the useful economic life of an asset may be reduced. All impairment charges are recognised in the Statement of Comprehensive Income and remaining assets with a net book value of £43.5m are unimpaired.

Estimates
Long-term incentive plans

Provisions are made for the Company’s long-term incentive plan (bonus scheme for senior management) (LTIP) in line with the Company’s performance criteria when the Company has a present legal or constructive obligation to incur this cost. The provision at 31 March 2020 is £12.4m (2019:£11.6m). This provision would be £2.3m higher as at 31 March 2020 if all upside targets were considered achievable and no employees in the scheme left the Company during the performance period. A new scheme linked to the outcome of a successful bid for the fourth licence to operate The National Lottery was issued to certain employees during 2019/20. In accordance with the relevant accounting standards, no provision for this scheme has been raised in the year, given the inherent uncertainty around whether the Company will (a) bid for the fourth licence or (b) be successful in the event that a bid is submitted.

c) Segmental Reporting

The Company does not publicly trade its equity or debt securities and is not in the process of issuing equity or debt securities in public securities markets. The Company is, therefore, outside the scope of IFRS 8 ‘Operating Segments’ and, as such, has not presented operating segment disclosures.

d) Gross Ticket Sales

Gross ticket sales comprise the wagers placed across a portfolio of games that include draw-based games, Scratchcards and interactive Instant Win Games.

For draw-based games, income is recognised on a draw-by-draw basis, at the point at which the draw takes place. Where players wager in advance, this income is deferred and only recognised in the Statement of Comprehensive Income once the draw has taken place.

Scratchcards ticket income is recognised at the point of settlement by the retailer, with the retailer having the option to pay Camelot for the pack upon the point the pack is opened or they can opt to settle the pack using an average ticket approach. Therefore, settlement is deemed to be the earlier of:

- Payment by the retailer;
- When 60% of the lower value prizes have been claimed; or
- 30 days from the opening of a pack of tickets.

Interactive Instant Win Games income is derived from wagers placed on the National Lottery website and is recognised on the date of purchase as the game is played instantly.

e) Lottery Duty

Lottery Duty is 12% of gross ticket sales.

f) Prizes

The draw-based games developed and managed by the Company operate under a prize pool mechanism under which a predetermined percentage of the ticket sales is allocated to prizes. The liability for prizes won is recognised in full at the time of the draw.

To the extent that the actual prizes won on Lotto and EuroMillions draws vary from the predetermined prize percentage, the relevant prize is carried forward under a rollover to subsequent draws.

2. Summary of Significant Accounting Policies (continued)

f) Prizes (continued)

Scratchcard prizes are recognised as a percentage of ticket sales in line with the theoretical prize pay-out for that game.

Interactive Instant Win Game prizes are based on the actual prizes won for each individual game, at the point at which the sale occurs.

If prizes remain unclaimed for 180 days from either the draw date for draw-based games or the close of a Scratchcard or interactive Instant Win Game, they are paid to the National Lottery Distribution Fund.

These amounts are not charged to the Statement of Comprehensive Income as they are already included as a prize liability. The amount causes a reduction in the prize liability on the balance sheet. There is also an equal reduction in the Operational Trust receivable balance, the account in which money in respect of prizes is held and from which the payment for unclaimed prizes is made.

g) National Lottery Distribution Fund

The National Lottery distribution Fund (NLDF) is the central fund from which the National Lottery distribution bodies draw down funds for distributing to Good Causes.

Amounts charged to the Statement of Comprehensive Income represent:

- The amounts arising due to the respective bodies based on cumulative accounting sales less Lottery Duty, prizes and commissions. The amounts recognised are calculated in line with the method set out in the third operating licence under which the Company has operated during the year; and
- The profits to be shared with the NLDF as a result of Camelot achieving certain profit targets. This distribution of profits is known as Secondary Contributions and the payments to be made are as set out in the third operating licence.

h) Net Income

Income arises across a portfolio of games that includes draw-based games, Scratchcards and interactive Instant Win Games.

All income is derived from and originates in the United Kingdom and the Isle of Man. The presentation of net income is consistent with common practice within the gaming industry; ticket sales are accounted for under IFRS 9 Financial Instruments. Net income is recorded and disclosed net of Lottery Duty, prize costs and amounts due to the National Lottery Distribution Fund.

Other operating income primarily comprises an operating fee receivable from retailers who lease terminals in the estate.

The operating fee income is recognised on a straight-line basis over the term of the operating lease in line with the Company meeting its performance obligations. Income is only recognised to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured.

i) Retailers' and Other Commissions

The commission rate paid for Scratchcard sales is 6% and 5% for draw-based games. In addition, retailers receive 1% commission for prizes paid out above £10 for Scratchcards and £30 for draw-based games, both up to and including £500. The Post Office is able to validate prizes between £500 and £50,000, for which it continues to receive an annual payment.

Amounts charged to the Statement of Comprehensive Income represent commissions arising due to:

- retailers based on sales and in-store prize payments to date;
- our agent in respect of fees paid for the processing of debit card payments which arise when players load or unload money to and from their interactive wallet to enable them to participate in The National Lottery using the interactive channel; and
- other sales-related commissions.

j) Operating Expenditure

All operating expenses are recorded on the Company’s Statement of Comprehensive Income as expenses in the period when they were incurred on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of Significant Accounting Policies (continued)

k) Intangible Assets

All intangible assets are stated at cost less any accumulated amortisation and impairment losses.

Internally generated intangible assets

Costs relating to the development of software and the National Lottery website, including design and content development, are capitalised as intangible assets only when the future economic benefits expected to arise are deemed probable and the costs can be reliably measured. Development costs not meeting these criteria are expensed in the Statement of Comprehensive Income as incurred. Capitalised development costs are amortised on a straight-line basis over the period gaining economic benefit from the expenditure once the related product is available for use. Research costs are charged to the Statement of Comprehensive Income as incurred. Interactive development costs that relate to channels other than the website are also capitalised on the same basis. Assets under construction are not amortised until they are brought into use. Amortisation is usually over either four years or to the end of the original third licence extension which ran to January 2023.

Separately acquired intangible assets

Intangible assets purchased separately, such as software licences that do not form an integral part of related hardware, are capitalised as intangible assets at cost and amortised over their useful economic life. Costs associated with maintaining software are charged to the Statement of Comprehensive Income as incurred.

Amortisation is provided on all intangible assets at such rates as to write off the cost of these assets in equal instalments, either over their expected useful lives or the remaining original third operating licence period throughout which benefit is anticipated to be derived from the asset. The original third operating licence extension ran to January 2023.

The value of separately acquired and internally generated intangible assets is amortised in equal instalments as follows:

Central gaming software, Interactive software and Enterprise Resource Planning software – the period to the end of the original third operating licence extension or planned replacement date if earlier.

Other software – the shorter of four years and the period to the end of the original third licence extension.

Impairment of intangible assets

Intangible assets are assessed annually for indicators of impairment. If indicators exist, the Company will assess whether an impairment is required using forecast cash flow information and estimates of future earnings with reference to their useful economic lives. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. All impairment charges are recognised immediately in the Statement of Comprehensive Income.

l) Property, Plant and Equipment

Property, plant and equipment is stated at cost less depreciation. The cost of property, plant and equipment includes the estimated cost of removing and disposing of the terminal assets held at retailer sites. Assets under construction are not depreciated until they are brought into use.

Depreciation is provided on all property, plant and equipment on a straight-line basis to write off the cost of these assets in equal instalments, either over their expected useful lives or the original third licence extension period which ran to January 2023 and has been applied prospectively.

The depreciation basis for the principal asset categories are as follows:

Short leasehold improvements – the shorter of the lease period and the period to the end of the original third operating licence extension.

Plant and equipment and motor vehicles

Computer hardware (excluding central gaming) – the shorter of four years or, in the case of leased assets, the lease period, and the period to the end of the original third operating licence extension.

Central gaming systems, Interactive hardware and Enterprise Resource Planning hardware – the period to the end of the original third operating licence extension or planned replacement date if earlier, or the lease term for leased assets and associated costs.

Fixtures and fittings – the shorter of five years and the period to the end of the original third operating licence extension.

Media screens – three years.

2. Summary of Significant Accounting Policies (continued)

l) Property, Plant and Equipment (continued)

Lottery terminals – the period to the end of the original third operating licence extension, the lease term or planned replacement date if earlier.

Permanent point-of-sale equipment (PPOS) – the shorter of two to five years and the period to the end of the original third operating licence extension.

Other plant and equipment – between two and five years, or planned replacement date or the period to the end of the original third operating licence extension.

Motor vehicles – the shorter of the lease term or the period to the end of the original third operating licence extension.

m) Leases and Right-of-Use Assets

At the beginning of an arrangement, the Company assesses whether it is or contains a lease. An agreement is or contains a lease if it transfers the right to control the use of an asset identified by a period of time in exchange for consideration. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company once again assesses if an agreement is or contains a lease only if the terms and conditions of the agreement change.

For an agreement that contains a lease component and one or more additional lease components or other components that are not leases, the Company will distribute the consideration for the agreement to each component of the lease based on the independent relative price of the lease component.

This is based on the price that a lessor or a similar supplier would charge an entity separately for this component or one that is similar and uses observable information and the contractual terms of the agreement.

The Company has opted not to apply the subsequent recognition and measurement requirements indicated in IFRS 16 to short-term leases and those in which the underlying asset has a low value, recognising the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

Initial recognition

At the commencement date, the Company recognises a right-of-use asset and a lease liability.

The right-of-use asset is measured at cost which includes:

(a) the initial measurement of the lease liability measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease. If that cannot be readily determined, the Company uses the incremental borrowing rate.

The Company has adopted the portfolio basis of determining discount rates for assets of similar characteristics and applied the following rates on initial recognition:

Property portfolio – 5.5% discount rate
Plant, Equipment and Vehicles portfolio – 11% discount rate

These are considered the incremental borrowing rates for these portfolios;

(b) the lease payments made before or after commencement, less the lease incentives received if material;

(c) any initial direct costs incurred by the Company.

Subsequent measurement of the right-of-use asset

Right-of-use assets are stated at cost less depreciation.

Depreciation is provided on all right-of-use assets on a straight-line basis to write off the cost of these assets in equal instalments over the term of their lease.

If an asset's carrying amount is greater than its estimated recoverable amount, the carrying amount is immediately written-down.

Subsequent measurement of the lease liability

The lease liability is measured:

(a) increasing the carrying amount to reflect the interest on the lease liability;
(b) reducing the carrying amount to reflect the lease payments made; and
(c) measuring the carrying amount again should any changes in the lease be made.

Interest on the lease liability is charged to the Statement of Comprehensive Income.

In the prior year, leases were accounted for under IAS 17 with the following related policies:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of Significant Accounting Policies (continued)

m) Leases and Right-of-Use Assets (continued)

Finance leases

Leases were classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the Company. All other leases were classified as operating leases. Separately acquired software and property, plant and equipment acquired under finance leases were included in the Balance Sheet at their equivalent capital value, which was defined as the lower of the fair value of the asset and the present value of minimum lease payments, and are depreciated in accordance with the policy for the class of asset concerned. The resulting lease liabilities were recorded as a creditor and the interest element of the finance lease rentals charged to the Statement of Comprehensive Income.

Operating leases

Operating lease rentals were charged to the Statement of Comprehensive Income on a straight-line basis over the lease term. Operating lease incentives are recognised as a reduction in the rental expense over the lease term.

n) Inventories

Inventories consist of Scratchcards and consumables (ie terminal rolls, playslips and ribbons). Scratchcards are carried on a unit cost basis and are expensed when the Company recognises the net income for that stock. Consumables are valued at the lower of cost, calculated on the first-in, first-out basis, or net realisable value. Provisions are made for obsolete or slow-moving stock.

o) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of a doubtful debtor account, and the amount of the loss is recognised in the Statement of Comprehensive Income within 'administrative expenses'. When a trade receivable subsequently becomes uncollectible, it is written off against the doubtful debt provision, in the period in which the bad debt is identified. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in the Statement of Comprehensive Income. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Amounts held in Trust represent unpaid prizes. When a player claims a prize from the Trust, the prize payment is made by Camelot and then claimed back from the Trust. This is deemed to be a third-party transaction between Camelot and the Trust. As such, amounts reflect a receivable due from the Trust.

p) Trade and Other Payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

q) Financial Instruments

Exposure to credit, interest rate, currency and liquidity risks that arise in the normal course of the Company's business are minimised by Camelot's policies and controls, as disclosed in note 16.

The following policies for financial instruments have been applied in the preparation of the Company's financial statements:

2. Summary of Significant Accounting Policies (continued)

q) Financial Instruments (continued)

Cash and cash equivalents

For the purpose of preparation of the Statement of Cash Flows, cash and cash equivalents includes cash at bank and in hand, short-term deposits with an original maturity period of three months or less, and certain amounts classified as borrowings, as detailed below.

Bank overdrafts that are an integral part of the Company's cash management are included in cash and cash equivalents where they have a legal right of set-off against positive cash balances. If the cash position after the set-off of the overdrafts amounts to a net overdraft, these amounts are classified as borrowings, but are still classified as cash and cash equivalents for the purposes of the Statement of Cash Flows.

In order to protect prize-winners and players, Camelot has set up certain trust accounts operated by The Law Debenture Trust Corporation plc, which acts as an independent trustee. An amount equivalent to prizes is deposited into a trust account on a weekly basis, as well as monies taken in advance and money held by interactive players in their online wallets. This money is held in trust until paid as a prize, or entered into a draw, and is under the control of the trustees until this time. Interest earned on these accounts, after accounting for trust expenses, is for the benefit of the NLDF.

Borrowings

Borrowings comprise amounts drawn down against the Company's bank facilities, amounts (other than trade payables) due to parent undertakings and any bank overdrafts as defined above. They are recognised initially at fair value, net of transaction costs incurred. Transaction costs are charged to operating profit in the period incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

r) Provisions

Provisions are recognised where the Company has legal or constructive present obligations as a result of past events, that will probably require an outflow of resources to settle, and this outflow can be reliably measured, as detailed below.

Provisions are made for the cost of decommissioning terminals and communications equipment held at retailer sites, and the disposal of these assets. A further provision comprises amounts in respect of lost or destroyed terminals.

The dilapidation provision is the current best estimate of the cost of bringing certain premises, held under leases, back to their original state as required by the lease agreement.

Provisions for restructuring costs are recognised where it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be readily estimated. Provisions are not recognised for future operating losses.

Provisions are made for the Company's long-term incentive plan (bonus scheme for senior management) (LTIP) in line with the Company's performance criteria.

Provisions are discounted when the effect of the time value of money is material.

s) Pensions

The Company operates the Company Personal Pension Plan, a defined contribution scheme. The cost of contributions is charged to the Statement of Comprehensive Income in the year to which it relates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of Significant Accounting Policies (continued)

t) Current and Deferred Income Tax

Current income tax is recognised based on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences that arise between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax base. A temporary difference is a taxable temporary difference if it will give rise to taxable amounts in the future when the asset or liability is settled. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date, and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be offset. Deferred income tax assets and liabilities recognised are not discounted. Deferred income tax liabilities and assets are classified as non-current irrespective of the expected timing of the reversal of the underlying taxable temporary difference. Current income tax assets and liabilities are shown separately on the face of the Balance Sheet.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets with current taxation liabilities.

u) Value Added Tax (VAT)

All costs include the attributable value added tax to the extent that it is not recoverable. Sales of lottery tickets are exempt from VAT. Therefore, VAT is not normally recoverable on the Company's costs and is a charge against profits.

v) Share Capital and Dividend Recognition

Ordinary shares, ordinary preference shares and ordinary redeemable shares are shown as equity. Final dividends to the Company's shareholders are recognised when the dividend is approved by the Company's shareholder and, for an interim dividend, when the dividend is paid.

w) Foreign Currency

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in GBP sterling (£m), rounded to £0.1m, which is the Company's functional and the Company's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses are presented within administrative expenses in the Statement of Comprehensive Income.

x) Non-GAAP Reconciliation

The following non-GAAP measures are used in the Annual Report and Accounts, and are reconciled to the Statement of Comprehensive Income as follows:

Returns to or amounts generated for Good Causes (£1,853.1m): National Lottery Distribution Fund amount of £1,730.0m plus an unclaimed prizes amount of £123.1m that would have been previously recognised within Prizes;

Returns to society (£2,801.7m): this includes amounts generated for Good Causes (£1,853.1m) and Lottery Duty (£948.6m);

Returns to winners and society (£7,490.7m): this includes the National Lottery Distribution Fund amount (£1,730.0m), Lottery Duty (£948.6m), Retailer Commission (£307.1m) and Prizes (£4,505.0m), and is 95% of Gross Ticket Sales;

Percentage of total revenue spent on Operating costs: Operating costs are £313.1m, being the sum of Gaming System and data communication costs (£126.2m) and Administrative expenses (£190.8m), less Other Income of £3.9m. This is 4% of Gross Ticket Sales.

Revenue and Sales both reference Gross Ticket Sales.

3. Gross Ticket Sales

The Company is operated and managed as a single business segment in one geographical area, the United Kingdom and Isle of Man, across a portfolio of games aimed to maximise the reach of The National Lottery. Gross ticket sales by type of game are analysed as follows:

	2020 £m	2019 £m
Draw-based games	4,537.1	4,081.8
Scratchcards and interactive Instant Win Games	3,368.0	3,125.0
	7,905.1	7,206.8

4. Operating Profit

Operating profit is stated after crediting/(charging) the following items:

	2020 £m	2019 £m
Other operating income ¹	3.9	3.9
Marketing expenses ²	(83.8)	(77.3)
Research	(7.2)	(7.1)
Amortisation on intangible assets (note 9)	(18.4)	(17.2)
Depreciation on property, plant and equipment (note 10)	(13.1)	(17.3)
Depreciation on right-of-use assets (note 11)	(14.3)	-
Operating lease rentals ³	(0.5)	(14.7)
Auditors' remuneration – fees payable for the audit of the Company's financial statements	(0.6)	(0.6)

¹ Other operating income primarily comprises an operating fee receivable from retailers who lease Compact Lottery Terminals (CLT) in the estate. The operating fee income is recognised on a straight-line basis over the term of the agreement. Income is only recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

² Marketing is shown net of amounts received from the NLDF during the year of £56.6m (2019: £39.0m) in respect of marketing to support the long-term health of The National Lottery.

³ In 2019, operating lease rentals included within gaming systems and data communication costs on the face of the Statement of Comprehensive Income were reflected in this note. In 2020, operating leases which relate to low-value assets are included within Administrative Expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Employee Expenses and Numbers

	2020	2019 (restated)
	£m	£m
Employee expenses		
Wages and salaries	(54.8)	(53.5)
Social security costs	(6.3)	(6.1)
Other pension costs	(2.8)	(1.9)
	(63.9)	(61.5)

The 2019 classifications have been restated reflecting the nature of the underlying costs recharged to the Company. There is no impact on the Statement of Comprehensive Income and this is purely a reclassification in the disclosure to increase Wages and salaries by £9.4m and decrease Social security costs by £7.0m.

	2020 Number	2019 Number
Monthly average number of Camelot employees		
Retailer and consumer services	119	108
Sales and marketing	517	495
Information technology	169	156
Finance, administration and other	155	121
	960	880

The numbers and costs for 2019 include those related to employees who had contracts of service with a fellow Group company but were recharged to the Company. On 1 April 2019, the employment contracts of these employees were transferred to the Company. The numbers and costs for 2020 include some employees who perform, or partly perform, services for a fellow Group company. An agreed cost recharge structure for these costs is in place.

	2020 £m	2019 £m
Key management personnel compensation		
Short-term employee benefits	6.0	4.6
Other long-term benefits	0.9	1.3
Post-employment benefits	0.5	0.3
	7.4	6.2

The amounts above include compensation for all 12 members of the UK Executive Board (considered to be Key Management Personnel) employed by Camelot UK Lotteries Limited during the reporting year. Four members of the UK Executive Board were employed by Camelot Business Solutions Limited in 2019 and their remuneration was disclosed in the financial statements of that Company.

At 31 March 2020, the Board comprised eight members: the Chairman, four independent non-executive directors, one non-executive director (an officer of Teachers') and two executive directors (the Chief Executive and Chief Financial Officer).

5. Employee Expenses and Numbers (continued)

	2020 £m	2019 £m
Directors' emoluments		
Salaries and short-term employee benefits	1.8	1.6
Long-term incentive plans	0.1	0.8
Other pension costs	0.1	0.1
Aggregate emoluments	2.0	2.5

	2020 £m	2019 £m
Highest-paid director's emoluments		
Salaries and short-term employee benefits	1.1	1.0
Long-term incentive plans	0.1	0.8
Other pension costs	0.1	0.1
Aggregate emoluments	1.3	1.9

Nigel Railton was the highest-paid director in 2020. In 2020, he received payments of £1.3m for his services as director from Camelot UK Lotteries Limited (2019: £1.2m). In 2019, he received £0.7m for his services as a past director of Camelot Global Services Limited.

At the end of the financial year, no directors (2019: none) were members of the Group money purchase pension scheme.

During the year, Dianne Thompson received long-term incentive plan payments which are paid by and disclosed in the financial statements of Camelot Business Solutions Limited. She did not act as a director of Camelot Business Solutions Limited, nor of Camelot UK Lotteries Limited, during the year.

Long-term incentive plans (LTIP) have been in place since 2009 and run through to 2024. Both short-term and long-term incentive plans follow industry best practice, with stretching targets and measurable performance.

6. Finance Income and Costs

	2020 £m	2019 £m
Interest receivable from bank deposits	0.4	0.2
Interest receivable on loan due from PLUK	3.3	3.3
Finance income	3.7	3.5
Interest payable on other loans	(0.8)	(0.5)
Interest payable on leases	(3.6)	(0.5)
Finance costs	(4.4)	(1.0)
Net finance income	(0.7)	2.5

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Income Tax

a) UK corporation tax

	2020 £m	2019 £m
Current income tax for the year	20.3	16.6
Total current tax	20.3	16.6
Deferred income tax charge for the year	(2.7)	(1.8)
Adjustments in respect of prior years	(0.1)	0.1
Changes in applicable tax rate	(0.6)	0.2
Total deferred tax	(3.4)	(1.5)
Income tax expense	16.9	15.1

The rate of UK corporation tax reflected in these financial statements is 19% (2019: 19%). In the Spring Budget 2020, the government announced that, from 1 April 2020, the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted in September 2016). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had been substantively enacted at the Balance Sheet date, its effects are included in these financial statements for deferred tax purposes. All taxable temporary differences have been recognised and are reflected in the deferred taxation balance.

b) Reconciliation of tax expense

	2020 £m	2019 £m
Profit before income tax	95.0	83.1
Income tax on profit on ordinary activities at the standard rate of 19% (2019: 19%)	18.1	15.8
Non-taxable income	(0.5)	(1.0)
Adjustments in respect of prior periods	(0.1)	0.1
Effect of rate change	(0.6)	0.2
Income tax expense	16.9	15.1

8. Dividends

	2020 £m	2019 £m
Interim dividends paid to shareholders for aggregate ordinary class 'A' shares and class 'C' preference shares	80.2	52.2
	80.2	52.2

Dividend per share for the year was £79,362 (2019: £51,726). No final dividend was recommended (2019: none).

9. Intangible Assets

	Internally generated £m	Separately acquired £m	Total £m
Cost			
At 1 April 2018	11.6	100.1	111.7
Additions	3.1	18.7	21.8
At 31 March 2019	14.7	118.8	133.5
Accumulated amortisation			
At 1 April 2018	8.2	57.1	65.3
Charge for the year	3.3	13.9	17.2
At 31 March 2019	11.5	71.0	82.5
Net book value at 31 March 2019	3.2	47.8	51.0

	Internally generated £m	Separately acquired £m	Total £m
Cost			
At 1 April 2019	14.7	118.8	133.5
Additions	0.7	13.0	13.7
Disposal	-	(1.3)	(1.3)
At 31 March 2020	15.4	130.5	145.9
Accumulated amortisation			
At 1 April 2019	11.5	71.0	82.5
Charge for the year	1.3	17.1	18.4
Impairment	-	2.8	2.8
Disposal	-	(1.3)	(1.3)
At 31 March 2020	12.8	89.6	102.4
Net book value at 31 March 2020	2.6	40.9	43.5

The intangible assets balance represents internally generated and separately acquired assets relating primarily to the development of software. Impairment for the year includes £1.3m of assets under construction which were subsequently written off through the disposals line. Amortisation and impairment is charged to administrative expenses.

Intangible assets include £3.1m (2019: £8.0m) of assets which are under construction.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Property, Plant and Equipment

	Short leasehold improvements	Plant and equipment and motor vehicles	Total
	£m	£m	£m
Cost			
At 1 April 2018	3.2	232.9	236.1
Additions	-	3.2	3.2
At 31 March 2019	3.2	236.1	239.3
Accumulated depreciation			
At 1 April 2018	3.1	166.6	169.7
Charge for the year	0.1	17.2	17.3
At 31 March 2019	3.2	183.8	187.0
Net book value at 31 March 2019	-	52.3	52.3

	Short leasehold improvements	Plant and equipment	Total
Cost			
At 1 April 2019	3.2	236.1	239.3
Transfer to right-of-use assets	-	(47.1)	(47.1)
Additions	-	2.0	2.0
At 31 March 2020	3.2	191.0	194.2
Accumulated depreciation			
At 1 April 2019	3.2	183.8	187.0
Transfer to right-of-use assets	-	(37.2)	(37.2)
Charge for the year	-	13.1	13.1
At 31 March 2020	3.2	159.7	162.9
Net book value at 31 March 2020	-	31.3	31.3

The net book value of plant and equipment held under leases in 2019 was £9.9m, which was transferred to Right-of-use assets upon implementation of IFRS 16. Depreciation charged in the year in respect of these assets in 2019 was £6.2m.

Plant and equipment and motor vehicles include £0.8m (2019: £1.1m) of assets which are under construction.

11. Right-of-Use Assets

	Properties	Plant and equipment and motor vehicles	Total
	£m	£m	£m
Cost			
At 1 April 2019	-	-	-
Implementation of IFRS 16 at 1 April 2019	17.5	32.4	49.9
Additions	0.2	-	0.2
At 31 March 2020	17.7	32.4	50.1
Accumulated depreciation			
At 1 April 2019	-	-	-
Charge for the year	4.6	9.7	14.3
At 31 March 2020	4.6	9.7	14.3
Net book value at 31 March 2020	13.1	22.7	35.8

The right-of-use assets balance represent properties and plant and equipment and motor vehicles assets following the implementation of IFRS 16. Assets with a net book value of £9.9m were transferred in from Property, plant and equipment.

Depreciation of £9.2m is charged to administration expenses and £5.1m is charged to Gaming Systems and data communication costs. Of the total depreciation, £3.8m relates to those assets capitalised in previous years and £10.5m to those brought onto the Balance Sheet due to IFRS 16.

12. Inventories

	2020 £m	2019 £m
Scratchcard tickets	0.7	0.5
Playslips, terminal rolls and other consumables	1.0	0.8
At 31 March	1.7	1.3

Inventory consumed during the year amounted to £25.3m (2019: £25.5m). No provision has been raised or reversed against the inventory balance in the current year (2019: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Trade and Other Receivables

a) Non-current assets

	2020 £m	2019 £m
Other receivables and prepayments	-	0.1
Loan due from Group companies	26.0	26.0
EuroMillions Deposit	10.9	9.0
At 31 March	36.9	35.1

Other receivables and prepayments primarily relate to amounts paid in advance with respect to maintenance contracts.

The loan due from the Company's parent was £26.0m at 31 March 2020 (2019: £26.0m). The loan incurs interest at 12.5%. The capital is repayable at the end of the licence extension period. As at 31 March 2020, there was £0.8m interest accrued (2019: £0.8m) in addition to the loan balance outstanding. This is included in current assets as at 31 March 2020. Expected credit loss on the loan due from Group companies is considered immaterial.

The EuroMillions deposit provides security to other EuroMillions participants for Camelot's EuroMillions prize payment obligations. This amount (of the relevant part) will be repayable to Camelot in accordance with the Trust Deed and will remain on deposit until the end of the third operating licence term. At 31 March 2020, Camelot had on deposit £10.9m (2019: £9.0m) of funds in a restricted cash trust account as a reserve for the protection of EuroMillions prize winners. Although Camelot cannot currently withdraw these amounts until the end of the third operating licence extension period, the interest on these accounts accrues to Camelot.

b) Current assets

	2020 £m	2019 £m
Trust receivables	516.7	376.9
Trade receivables	12.1	55.4
Accrued income	0.3	2.4
Prepayments	5.2	8.6
Amounts due from related parties	3.4	1.8
At 31 March	537.7	445.1

Trust receivables comprise the amounts due from the Trusts to Camelot for unpaid prizes of £438.7m (2019: £304.9m), together with amounts held in respect of future draws both in the form of advance sales and interactive wallet balances of £78.0 (2019: £72.0m).

Trade receivables primarily represent amounts due from retailers. The decrease on 2019 is due to the change in weekday that the financial year ends on.

As of 31 March 2020, trade receivables of £11.9m (2019: £55.2m) were not yet due for payment in accordance with the normal payment cycle, and retail trade receivables of £0.2m (2019: £0.2m) were impaired and provided for. The recoverability of trade receivables held with multiple retailers is assessed on the retailers' level of credit risk and impaired accordingly. Balances due from independent retailers are impaired when the debt becomes more than one week past due.

Amounts due from related parties are unsecured, interest-free and repayable on demand.

13. Trade and Other Receivables (continued)

The ageing analysis of past due but not impaired or provided for trade receivables is as follows:

	2020 £m	2019 £m
7 days to 3 months	0.1	0.1
3 to 6 months	-	-
More than 6 months	-	-
At 31 March	0.1	0.1

The credit risk policy that the Company operates means that Camelot minimises its exposure to past due debt. Details of the credit risk policy are provided in note 15 and note 16.

Movements on the Company provision for impairment of trade receivables are as follows:

	2020 £m	2019 £m
At 1 April	0.2	0.2
Provision for impairment of trade receivables	0.2	0.2
Utilised	(0.2)	(0.1)
Unused amounts reversed	-	(0.1)
At 31 March	0.2	0.2

All movements in the provision for impaired receivables have been included in administrative expenses in the Statement of Comprehensive Income.

The other classes within trade and other receivables do not contain impaired assets.

The carrying amounts of the Company's trade and other receivables are denominated in GBP Sterling. Amounts due from fellow subsidiaries are interest-free and repayable on demand.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. With the exception of £7.1m (2019:£7.4m) in retailer bonds, the Company does not hold any collateral as security.

14. Cash and Cash Equivalents

Cash at bank and in hand comprise Camelot bank accounts and short-term deposits. Fixed and floating charges have been given in respect of certain Camelot assets to the Trustee and to Camelot's syndicated lenders.

Camelot's cash balances can be analysed as follows:

	2020 £m	2019 £m
Cash at bank and in hand	92.6	22.6
Short-term bank deposits	88.8	63.0
At 31 March	181.4	85.6

Amounts held in short-term bank deposits comprise amounts held in either deposit accounts or Money Market Funds with interest earned rates at 31 March 2020 of 0.27% to 0.60% (2019: 0.30% to 0.80%). Both types of deposit are redeemable on demand.

The Company has a £55.0m committed Revolving Credit Facility, which runs until 30 September 2021. The amount drawn under this facility at 31 March 2020 was £35.0m (2019: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Credit Quality of Financial Assets

External credit ratings are obtained for each trade receivable counterparty at the point at which the Company starts to trade with that retailer to confirm the creditworthiness of the retailer. See note 16 for details on the Company's credit control policy for trade receivables.

External credit ratings are obtained for banks where the Company holds cash and short-term bank deposits. At 31 March 2020, financial assets totalling £88.8m (2019: £59.9m) are held in deposit accounts with banks which have Moody's short-term credit rating of P1 and £0.0m (2019: £3.1m) was held in deposit accounts with banks which have a Moody's short-term credit rating of P2. Money Market Funds used during this and the preceding year each have Moody's credit ratings of AAA. Cash at bank and the trust accounts are held with Royal Bank of Scotland plc, which has a Moody's short and long-term rating of P1 and A2 respectively.

None of the financial assets that are not yet due have been renegotiated in the last year.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned above.

16. Financial Risk Management

Exposure to credit, interest rate, foreign exchange, liquidity and capital risks arise in the normal course of the Company's business. The likely impact of these risks on the Company's performance is deemed to be immaterial and therefore no sensitivity analysis has been presented in these financial statements:

a) Credit risk

Credit risk primarily arises from short-term credit extended to retailers. Credit insurance is held for the vast majority of the Company's multiple store retailers, and management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers at the point at which the Company starts to trade with that retailer. If the uninsured credit risk exposure is significant, Camelot will request a bond as collateral to protect against any future payment default. This is held for a minimum of two years, during which period payment patterns are monitored. Amounts invoiced to retailers are collected within three working days. If a retailer fails to make payment on the due date, the retailer's terminal is suspended until the debt is cleared. Retailer agreements set out the Company's credit policy for late payments.

Camelot continues to review its established credit policy and debt collection processes during the uncertain economic climate due to the COVID-19 pandemic. Reviews ensure that the policies and processes are appropriate and address any additional exposures to increased credit risk. Management is confident that the current arrangements minimise the Company's exposure in this area, although this continues to be closely monitored.

At the Balance Sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets in the Balance Sheet.

The Company's investment policy restricts investment to short-term money market deposits or Money Market Fund deposits, and only with counterparties that have strong credit quality and a strong capacity for timely payment of short-term deposit obligations.

The carrying value of financial assets approximates to fair value.

b) Interest rate risk

The Company's £55.0m Revolving Credit Facility allows short-term borrowings at floating rates of interest (base rate plus 1%). Restrictive covenants on the level of leverage and interest cover exist on this facility. At 31 March 2020, £35.0m of the facility was drawn down (2019: nil).

At 31 March 2020, the value of the loan receivable from the Company's immediate holding company, PLUK, was £26.0m (2019: £26.0m). Interest on the loan was charged at a fixed rate of 12.5% and, therefore, there was no exposure to changes in interest rates.

Investments are predominately in fixed-rate deposit accounts which are redeemable on demand. The average rate of return on deposit accounts used by the Company during the year was 0.54% (2019: 0.55%).

Investments in 2020 and 2019 were predominately denominated in GBP Sterling.

16. Financial Risk Management (continued)

c) Foreign exchange risk

The Company is exposed to foreign exchange risk on purchases that are denominated in a currency other than Sterling (£). The currency giving rise to this risk is primarily Euros (€). During the year, the Company did not participate in any derivative or hedging contracts due to the minimal volume and value of foreign transactions. Transactions denominated in foreign currencies are accounted for in line with our accounting policy detailed in note 2(w).

Included within Administrative expenses in the Statement of Comprehensive Income are £0.1m net foreign exchange gains (2019: £0.1m losses).

d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. This risk is managed to ensure that sufficient funding and liquidity is available to meet the expected needs of the Company, together with a prudent level of headroom to allow for cash flow variations.

In addition to its own free cash flow, the Company has a £55.0m syndicated Revolving Credit Facility disclosed in note 14. This facility, of which £35.0m was drawn down at 31 March 2020 (2019: nil), contains covenants including a maximum level of leverage and a minimum level of interest cover, both of which the Company has met. The undrawn level of this facility, together with the Company's cash balances, are the key measures of the Company's liquidity. Given the unprecedented global economic crisis that evolved in March 2020, drawing down on the facility was considered by management to be a prudent arrangement. The Company's cash is subject to regular daily, weekly and monthly cycles that are factored into long-range cash flow forecasts, which are regularly updated and reviewed by management. The frequency of these reviews has increased in the current climate.

These forecasts determine adequacy of the Company's liquidity facilities, and the timing of drawings and repayments under the above facilities.

Liquidity is centralised through cash pooling arrangements and any surplus cash is deposited with well-rated banks or Money Market Funds, typically for a term of between one day and three months depending on projected cash flow requirements.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the Balance Sheet to the contractual maturity date. The amounts disclosed are contractual undiscounted cash flows.

	Mature in less than 1 year £m	Mature between 1 and 2 years £m	Mature between 2 and 5 years £m	Mature in greater than 5 years £m
At 31 March 2019				
Lease liabilities	7.9	3.4	-	-
Trade and other payables	582.0	0.4	-	-
At 31 March 2020				
Revolving Credit Facility	35.0	-	-	-
Lease liabilities	15.3	13.1	11.1	-
Trade and other payables	732.9	0.3	-	-

Included in amounts under lease liabilities are amounts in respect of property, plant and equipment and motor vehicle leases following implementation of IFRS 16 on 1 April 2019.

e) Capital Risk

Camelot's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits to other stakeholders. The Company has had access to significant borrowings during the year as disclosed in note 14. At 31 March 2020, the Company has lease agreements in place, of which £34.2m (2019: £11.3m) is outstanding at the end of the year. The Company has in place sufficient capital resources through its trading and banking facilities to continue in operational existence for the foreseeable future (note 27).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Financial Risk Management (continued)

f) Financial assets and liabilities at amortised cost

The total carrying amount of Financial assets at amortised cost is £750.8m (2019: £557.2m), comprising Cash and cash equivalents of £181.4m (2019: £85.6m) plus Trade and other receivables (excluding prepayments) of £569.4m (2019: £471.6m).

The total carrying amount of Financial liabilities at amortised cost is £757.9m (2019: £556.5m), comprising Trade and other payables (excluding advance receipts) of £688.7m (2019: £545.2m) plus Financial liabilities as disclosed on the Balance Sheet of £69.2m (2019: £11.3m).

17. Financial Liabilities

a) Current liabilities: amounts falling due within one year

	2020 £m	2019 £m
Borrowings (Revolving Credit Facility)	35.0	-
Lease liabilities	12.7	7.9
As at 31 March	47.7	7.9

The carrying value of current financial liabilities approximates to fair value. Borrowings comprise £35.0m (2019: £nil) drawn down on the Company's Revolving Credit Facility. The whole £35.0m movement in Borrowings in the year relates to cash movements. Refer to the movement schedule for lease liabilities in note (c) and the maturity analysis of financial liabilities in note 16(d).

b) Non-current liabilities: amounts falling due after one year

	2020 £m	2019 £m
Lease liabilities	21.5	3.4

Of the lease liabilities held in non-current liabilities, £21.5m (2019: £3.4m) fall due after one year, but in not more than five years. No lease liabilities fall due after five years (2019: £nil). Refer to the movement schedule for lease liabilities in note (c) and the maturity analysis of financial liabilities in note 16(d).

c) Lease liabilities

	Properties £m	Plant and equipment and motor vehicles £m	Total £m
The Statement of Financial Position includes the following amounts related to leases:			
1 April 2019	-	11.3	11.3
Non-Cash Movements			
Adjustment due to adoption of IFRS 16	17.0	22.5	39.5
Additions	0.2	-	0.2
Interest expense related to lease liabilities	0.9	2.7	3.6
Cash Movements			
Repayment of lease liabilities (including interest)	(4.8)	(15.6)	(20.4)
31 March 2020	13.3	20.9	34.2

The total cash outflow for leases in 2020 was £20.2m. As outlined in note 2, extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). No leases contain a residual value guarantee clause. Please refer to note 2 for the information on the adoption of IFRS 16 and to note 11 for disclosure on the Right-of-use assets.

18. Trade and Other Payables

a) Current liabilities

	2020 £m	2019 £m
Prize liability	479.1	331.8
Lottery Duty payable	68.6	87.7
Amounts payable to the NLDF	32.8	27.3
Advance receipts for future draws	44.5	38.4
Accruals	39.1	48.6
Other payables	40.4	29.9
Trade payables	23.2	14.6
Amounts due to related parties	5.2	4.9
As at 31 March	732.9	583.2

The Prize liability represents both unclaimed prizes and amounts planned for future prize payments at 31 March 2020, and the Company had transferred £438.7m into the relevant trust accounts to meet these liabilities (2019: £304.9m). Advance receipts for future draws represent multi-draw and subscription payments relating to future draws.

Other payables mainly represent deposits received from, and prizes won by, players which are held in their interactive wallets. It also includes retailer bonds of £7.1m (2019: £7.4m). Amounts due to related parties are unsecured, interest-free and repayable on demand.

b) Non-current liabilities

	2020 £m	2019 £m
Accruals	0.3	0.4

Non-current accruals represent the effect of spreading maintenance payment-free periods over the term of the service contract. The liability will be released over the contract term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Deferred Taxation

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets with current taxation liabilities. At 31 March 2020, the offset amounts are as follows:

	2020 £m	2019 £m
Deferred tax assets:		
To be recovered after more than 12 months	8.0	4.6
Deferred tax assets	8.0	4.6
	2020 £m	2019 £m
Deferred tax liabilities:		
To be recovered after more than 12 months	-	-
Deferred tax liabilities	-	-
Deferred tax assets (net)	8.0	4.6

The gross movement on deferred tax is as follows:

	Accelerated capital allowances £m	Provisions and accruals £m	Total £m
At 1 April 2018	(0.6)	3.7	3.1
Credit/(charge) to the Statement of Comprehensive Income	1.0	0.5	1.5
At 31 March 2019	0.4	4.2	4.6

	Accelerated capital allowances £m	Provisions and accruals £m	Total £m
At 1 April 2019	0.4	4.2	4.6
Credit/(charge) to the Statement of Comprehensive Income	2.6	0.2	2.8
Changes in applicable tax rate	0.1	0.5	0.6
At 31 March 2020	3.1	4.9	8.0

20. Provisions for Liabilities and Other Charges

	Terminal and data communication related £m	Property £m	Restructuring £m	Long-term incentive plan £m	Other £m	Total £m
At 1 April 2018	8.6	4.0	0.7	9.9	-	23.2
Charge to Statement of Comprehensive Income	0.4	(0.1)	0.7	3.4	-	4.4
Utilised in the year	-	(0.4)	(0.7)	(1.7)	-	(2.8)
At 31 March 2019	9.0	3.5	0.7	11.6	-	24.8

	Terminal and data communication related £m	Property £m	Restructuring £m	Long-term incentive plan £m	Other £m	Total £m
At 1 April 2019	9.0	3.5	0.7	11.6	-	24.8
Transferred upon adoption of IFRS 16	-	(0.5)	-	-	-	(0.5)
Charge to Statement of Comprehensive Income	0.3	0.2	(0.1)	2.9	0.1	3.4
Additions	0.9	-	-	-	0.5	1.4
Utilised in the year	-	-	(0.3)	(2.1)	-	(2.4)
At 31 March 2020	10.2	3.2	0.3	12.4	0.6	26.7

Provisions have been classified between current and non-current as follows:

	2020 £m	2019 £m
Current	5.2	2.7
Non-current	21.5	22.1
	26.7	24.8

Terminal and data communications-related provisions include: a provision for the cost of decommissioning existing terminals and communications equipment held at retailer sites, and disposing of these assets at the end of the original third licence extension period; and amounts in respect of lost or destroyed terminals and associated contractual costs. This provision will be fully utilised by the end of the original third licence extension period. Non-cash additions of £0.9m are recognised in property, plant and equipment.

Property provisions comprise the dilapidation provision which is the current best estimate of the cost of bringing certain premises, held under leases, back to their original state as required by the lease agreements. In 2019, in accordance with IAS 37, the amount includes a provision for the onerous lease liabilities related to a leases contract which extends until 2023. This is included in the lease liabilities for 2020.

The restructuring provision relates to severance costs.

The long-term incentive plan provision relates to future amounts payable to senior management in line with the Company's performance criteria when the Company has a present legal or constructive obligation to incur this cost. Payments under the schemes disclosed above are expected to be made from each year until 2022.

Other provisions primarily relate to provisions for future legal costs where there is a present obligation to incur this cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Share Capital

a) Authorised and allotted share capital as at 31 March:

	2020 £	2019 £
Authorised		
1,000 (2019: 1,000) ordinary 'A' shares of £1 each	1,000	1,000
10 (2019: 10) preference 'C' shares of £1 each	10	10
	1,010	1,010
	2020 £	2019 £
Allotted, issued and fully paid		
1,000 (2019: 1,000) ordinary 'A' shares of £1 each	1,000	1,000
10 (2019: 10) preference 'C' shares of £1 each	10	10
	1,010	1,010

b) Analysis of shareholding at 31 March 2020 and 31 March 2019

	Number of 'A' shares	Number of 'C' preference shares	Percentage holdings
Premier Lotteries UK Limited	1,000	3	99.3%
Fourmoront Corporation	-	7	0.7%
	1,000	10	100.0%

c) Rights and obligations

Income:
In the current year, a fixed dividend of £1,000 per share (2019: £1,000 per share) was distributed to the holders of the 'C' preference shares. The remainder is distributable pro rata among the ordinary 'A' shareholders.

Capital:
On a return of assets on liquidation, reduction of capital or otherwise, the surplus assets of the Company remaining after payment of its liabilities shall be distributed:
(a) first, in paying to the holders of 'C' preference shares, the sum of £1 in respect of each 'C' Preference share.
(b) second, to the holders of 'A' ordinary shares pro rata among them.

Class consents:
Except with the prior consent or approval in writing of the holders of all of the relevant class of shares, the Company shall not modify or vary the rights attaching to any class of its shares (unless the modification or variation affects all classes of shares similarly).

Voting and other rights:
In respect of the election of directors, the holders of 'C' preference shares are entitled to receive notice of and to attend, speak and vote at all general meetings of the Company at which a director is to be elected, and shall have one vote per 'C' preference share held with respect to the election of any director.
In respect of any other general meeting of the Company, the 'C' preference shares are entitled to receive notice of and to attend and speak but not vote.

The holders of 'A' ordinary shares are entitled to receive notice of and to attend, speak and vote at all general meetings of the Company save that, in respect of a general meeting at which a director is to be elected, the 'A' ordinary shareholders shall not be entitled to participate in such part of the meeting as relates to the election of a director and shall have no right to vote on such election.

22. Reserves

	Note	Retained earnings £m	Total £m
At 1 April 2018		33.6	33.6
Profit for the financial year		68.0	68.0
Dividends paid	8	(52.2)	(52.2)
Net increase in shareholder equity		15.8	15.8
At 31 March 2019		49.4	49.4

	Note	Retained earnings £m	Total £m
At 1 April 2019		49.4	49.4
Profit for the financial year		78.1	78.1
Dividends paid	8	(80.2)	(80.2)
Net decrease in shareholder equity		(2.1)	(2.1)
At 31 March 2020		47.3	47.3

23. Cash Generated from Operations

	2020 £m	2019 £m
Profit for the financial year	78.1	68.0
Adjustments for:		
- Income tax	16.9	15.1
- Depreciation, amortisation and impairment	48.5	34.5
- Interest income	(3.7)	(3.5)
- Interest expense	4.4	1.0
	66.1	47.1
Changes in working capital:		
- (Increase) in Inventories	(0.4)	(0.3)
- (Increase)/Decrease in trade and other receivables	(95.3)	3.7
- Increase in trade and other payables	148.1	22.0
- Increase in provisions for other liabilities and charges	2.1	1.5
	54.5	26.9
Cash generated from operations	198.7	142.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Financial Commitments and Contingent Liabilities

At the year end, expenditure relating to the purchase of software development totalling £7.9m was contracted for in the year but not yet incurred (2019: £7.3m).

There are no significant contingent liabilities pertaining to the Company.

In the course of doing business as a regulated entity, the risk can arise of potential legal or regulatory non-compliance action against Camelot. Where deemed necessary, the Company will obtain advice and make financial provisions as appropriate.

25. Operating Leases

On 1 April 2019, Camelot UK Lotteries Limited adopted IFRS 16 'Leases' using the modified retrospective approach. Accordingly, comparative information has not been restated, and a reconciliation between the prior year operating lease commitments (presented below) and the lease liability recognised on transition on 1 April 2019 has been presented in note 2. As at the Balance Sheet date, the Company had future aggregate minimum lease payments under non-cancellable operating leases that fall due as follows:

	2019	2019
	Land and buildings	Plant and machinery
	£m	£m
Within one year	4.8	9.8
Between two and five years	9.5	24.8
After five years	0.2	-
	14.5	34.6

Operating leases primarily relate to building leases and use of third-party satellite communications network contracts.

26. Pension Arrangements

In line with UK legislation, the Company auto-enrols employees into the Group Personal Pension Plan, which is accounted for as a defined contribution pension scheme. All amounts payable under these schemes are charged to the Statement of Comprehensive Income as they fall due, and totalled £2.8m in the current year (2019: £1.9m).

27. Contingency Financing

Camelot has a contingency financing arrangement with its ultimate controlling party, Ontario Teachers' Pension Plan Board (Teachers'). Teachers' have made available to the Company, in aggregate with its parent company PLUK, further funding up to £30.0m in one amount or in a series of amounts which may, at their option be (in each case) either in the form of equity, loans or other instruments or securities.

An obligation to make such contribution only exists where:

- the continued operation of Camelot's business and/or the financial soundness of its parent is threatened;
- provided that the Company can demonstrate that the underperformance is not attributable to regulatory change;
- no default whatsoever is continuing, or forecast to continue or occur for the balance of the term, of any of the financing arrangements to which its parent and/or the Company is a party to, other than a default which would be remedied by the receipt and application of the contribution.

Since the aggregate of the commitment became available, there is no obligation or liability to provide any further contribution to either Company. Furthermore, obligations under this arrangement will terminate upon termination of the third operating licence extension period.

28. Related Party Transactions

The Company is controlled by PLUK (incorporated in the UK), which owns 99.3% of the Company's shares. The Company's ultimate UK parent is PLIUK. The Company's ultimate controlling party is the Ontario Teachers' Pension Plan Board.

During the course of the year, Camelot entered into the following transactions with 'Services aux Loteries en Europe SCRL' (SLE), a société cooperative à responsabilité limitée incorporated in Belgium. Camelot has an investment in SLE (see note 13). The main purpose of SLE is to provide services to lotteries in Europe which participate in the EuroMillions game. The head office is located in Belgium at Avenue de Terveuren 448, Bruxelles, Belgium, 1150.

	2020 £m	2019 £m
Purchases	1.3	1.2
Amounts due to SLE	-	-
Sales	0.1	0.1
Amounts due from SLE	-	-

Camelot transacted with fellow subsidiary related parties, Camelot Global Services Limited (CGSL), Camelot Global Lottery Solutions Limited (CGLSL), Camelot Business Solutions Limited (CBSL), Premier Lotteries Capital UK Limited (PLCUK) and Premier Lotteries UK (PLUK) during the year. CGSL provides consultancy advice to international lottery operators, while CGLSL is principally focused on managing a programme of projects to generate revenue for the Group companies. In the prior year, CBSL provided business services to other Group companies through various departments. In the current year, CBSL only performs business development activity.

Amounts due to and from related parties are unsecured in nature, and are due on demand. Amounts due from related parties below include the £26.0m (2019: £26.0m) loan to PLUK (note 13).

	2020 Sale of services £m	2020 Amounts due from related party £m	2019 Sale of services £m	2019 Amounts due from related party £m
Camelot Global Services Limited	-	-	-	-
Camelot Global Lottery Solutions Limited	0.3	-	0.6	0.1
Camelot Business Solutions Limited	-	1.9	0.6	0.2
Premier Lotteries UK Limited	-	27.5	0.1	27.5

	2020 Purchase of services £m	2020 Amounts due to related party £m	2019 Purchase of services £m	2019 Amounts due to related party £m
Camelot Business Solutions Limited	-	0.8	22.9	1.6
Premier Lotteries UK Limited	-	1.1	-	0.3
Premier Lotteries Capital UK Limited	-	2.1	-	0.7
Camelot Global Services Limited	-	-	-	-
Camelot Global Lottery Solutions Limited	9.0	1.2	11.1	2.3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Related Party Transactions (continued)

The value of sales and purchases in the table above includes operating expenses allocated between Group companies, as well as intercompany recharges (mainly payroll-related transactions).

During the year, the Company also paid dividends totalling £80.2m (2019: £52.2m). In addition, the following cash payments were made in respect of group taxation relief during the year:

	2020 £m	2019 £m
Premier Lotteries UK Limited	-	1.9
Premier Lotteries Capital UK Limited	-	3.5
Camelot Business Solutions Limited	1.3	0.3
Camelot Commercial Services Limited	-	-
Camelot Global Services Limited	-	1.1
Camelot Global Lottery Solutions Limited	2.6	1.5
	3.9	8.3

Information regarding compensation paid to key management is disclosed in note 5. All related party transactions are based on normal financial terms.

29. Subsidiary Undertakings

Camelot Lotteries Limited
National Lottery Enterprises Limited
CISL Limited

These subsidiaries have share capital, equal to the net assets, of £5 in total. This amount represents Camelot's cost of investment in these subsidiaries. They are not material for the purpose of giving a true and fair view for these financial statements, and therefore have not been consolidated in accordance with Companies Act 2006 s.393. These companies are exempt from preparing individual accounts under s394A and from individual filing with the registrar by virtue of s.448A of the Companies Act 2006. The registered office for these companies is Magdalen House, Tolpits Lane, Watford, United Kingdom, WD18 9RN.

30. Post-Balance Sheet Events

In May 2020, the Gambling Commission announced its intention to extend the licence by an additional six months until 31 July 2023. This would extend the Company's licence from the original extension ending in January 2023 to instead end in July 2023. This is a non-adjusting post-balance sheet event and is not considered to have a material impact on the judgements or financial position as at 31 March 2020.

Camelot UK Lotteries Limited
Registered and Head Office
Tolpits Lane,
Watford WD18 9RN

Unit 5, Tiger Court, Kings Drive,
Kings Business Park,
Prescot, Knowsley,
Liverpool L34 1BH

The Kestrel Centre,
Salthouse Road,
Brackmills Industrial Estate,
Northampton NN4 7EX

Brettenham House,
Lancaster Place,
London WC2E 7EN

Registered in England and Wales
Company number: 02822203
Incorporated and domiciled in the UK

Limited assurance of the data in the
'Doing Business Responsibly' section
of the Annual Report (pages 134 to 151)
was undertaken by Corporate Citizenship.
(www.corporate-citizenship.com)



Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London WC2N 6RH

Bankers
The Royal Bank of Scotland PLC
London Corporate Service Centre
PO Box 39952
2 1/2 Devonshire Square
London EC2M 4XJ

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The National Lottery-
funded St Fagans National
Museum of History in
Cardiff, which chronicles the
historical lifestyle, culture
and architecture of the
Welsh people.

CAMELOT