



2014

Financial  
Report



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## Balance sheet (in CHF)

### ASSETS

	Notes	2014	2013
<b>Current assets</b>			
Cash and liquid assets	3	181,304,724	191,068,390
Short-term deposits	4	40,278,946	30,278,928
Retailers	5	12,397,831	16,974,221
Other short-term receivables	6	17,391,068	20,774,598
Net inventories	7	3,027,937	2,210,947
Pre-paid expenses and accrued income	8	7,519,930	5,025,979
		<b>261,920,435</b>	<b>266,333,063</b>
<b>Fixed assets</b>			
Tangible fixed assets	9	49,792,910	41,946,061
Financial fixed assets	10	23,086,204	23,086,238
Intangible fixed assets	11	17,931,044	18,340,035
		<b>90,810,157</b>	<b>83,372,334</b>
<b>Total assets</b>		<b>352,730,592</b>	<b>349,705,397</b>

### LIABILITIES

	Notes	2014	2013
<b>Current liabilities</b>			
Winnings and prizes payables	12	15,066,135	18,340,438
Players' wallets	13	2,858,947	2,330,764
Trade accounts payables	14	5,850,878	6,250,628
Profit to be paid out	15	42,713,545	40,564,154
Other liabilities	16	6,103,341	5,355,823
Short-term provisions	17	2,871,884	2,925,028
Accrued charges and deferred income	18	19,110,423	21,218,971
		<b>94,575,154</b>	<b>96,985,806</b>
<b>Own funds, capital &amp; reserves</b>			
Guarantee fund		862,000	862,000
Free reserve		45,848,868	42,848,868
Net profit		211,444,570	209,008,722
		<b>258,155,439</b>	<b>252,719,591</b>
<b>Total liabilities</b>		<b>352,730,592</b>	<b>349,705,397</b>

# Income statement (in CHF)

	Notes	2014	2013
<b>Gross gaming revenues</b>	20	<b>387,641,965</b>	<b>377,735,251</b>
<b>Other operating income</b>			
Regulatory duties and adjustments		5,250,151	5,226,848
Income from rebilling		494,257	925,840
<b>Operating costs</b>			
Comlot supervision fees		-762,660	-744,854
Levy for prevention of excessive gambling		-1,938,210	-1,888,676
Commission fees	21	-71,874,502	-69,596,211
Retailers' expenses		-666,000	-647,012
Producing games		-5,047,702	-5,005,583
Operating games		-14,493,180	-14,975,991
IT		-18,653,355	-19,204,587
Personnel costs		-27,392,353	-27,136,993
General overheads & administrative costs		-7,053,482	-7,218,255
Marketing, publicity & communications		-15,235,390	-15,230,183
Sales & promotional events		-2,695,550	-2,854,779
Depreciation & impairment		-16,554,431	-13,248,159
Operating costs	22	-107,791,442	-105,521,542
<b>Operating profit</b>		<b>211,019,560</b>	<b>206,136,656</b>
Financial costs & income	23	265,565	398,758
<b>Profit from ordinary operations</b>		<b>211,285,125</b>	<b>206,535,415</b>
Non-operating costs & income	24	159,445	2,473,308
<b>Net profit</b>		<b>211,444,570</b>	<b>209,008,722</b>



Cash flow statement (in CHF)

		2014	2013
<b>Cash as of 1 January</b>		<b>191,068,390</b>	<b>174,237,348</b>
<b>Cash flow from operating activities</b>	Net profit	211,444,570	209,008,722
	+ Depreciation & impairment	16,554,431	13,248,159
	+/- Allocation to/release of provisions	0	-2,402,414
	+/- Other non-cash items	86	-165
	+/- Proceeds from sale of fixed assets	93	-36,728
	<b>Cash flow from operating activities</b>	<b>227,999,180</b>	<b>219,817,575</b>
	+/- Trade accounts receivable	4,576,390	-2,289,960
	+/- Stocks	-816,989	377,441
	+/- Other receivables and accrued assets	889,579	-923,858
	+/- Trade accounts payables	-399,750	628,687
	+/- Other short-term debts and accrued liabilities	-2,010,903	-448,367
	Increase/decrease in working capital	2,238,327	-2,656,058
	<b>Net cash from operating activities</b>	<b>230,237,507</b>	<b>217,161,516</b>
<b>Cash flow from investing activities</b>	+/- Short-term deposits	-10,000,070	22,499,946
	- Investment in tangible fixed assets	-17,847,839	-14,606,032
	+ Disposal of participation	0	115,181
	- Investment in intangible fixed assets	-6,144,727	-3,538,894
	+ Disposal of fixed assets	185	22,930
	<b>Net cash from investments</b>	<b>-33,992,451</b>	<b>4,493,131</b>
<b>Cash flow from financing activities</b>	- Distribution of prior-year profits	-206,008,722	-204,823,605
	<b>Net cash used in financing activities</b>	<b>-206,008,722</b>	<b>-204,823,605</b>
<b>Change in cash position</b>		<b>-9,763,666</b>	<b>16,831,043</b>
<b>Net cash as of 31 December</b>		<b>181,304,724</b>	<b>191,068,390</b>

## Statement of movements in own funds & capital (in CHF)

	Guarantee fund	Profit to be paid out	Free reserve	Net profit
Own funds, capital & reserves as at 1 January 2013	862,000	204,823,605	42,848,868	
Profit to be paid out		-204,823,605		
Allocation to/Use of free reserve				
Net profit for the year				209,008,722

<b>Own funds, capital &amp; reserves as at 31 December 2013</b>	<b>862,000</b>	<b>-</b>	<b>42,848,868</b>	<b>209,008,722</b>
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Own funds, capital & reserves as at 1 January 2014	862,000	209,008,722	42,848,868	
Profit to be paid out		-206,008,722		
Allocation to/Use of free reserve		-3,000,000	3,000,000	
Net profit for the year				211,444,570

<b>Own funds, capital &amp; reserves as at 31 December 2014</b>	<b>862,000</b>	<b>-</b>	<b>45,848,868</b>	<b>211,444,570</b>
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## Breakdown of profits distributed 2014 (in CHF)

Profits in 2014	211,444,570
- Allocation to/+ Use of free reserve	-1,500,000

<b>Total profit for distribution</b>	<b>209,944,570</b>
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- ADEC (equestrian sport)	-3,832,166
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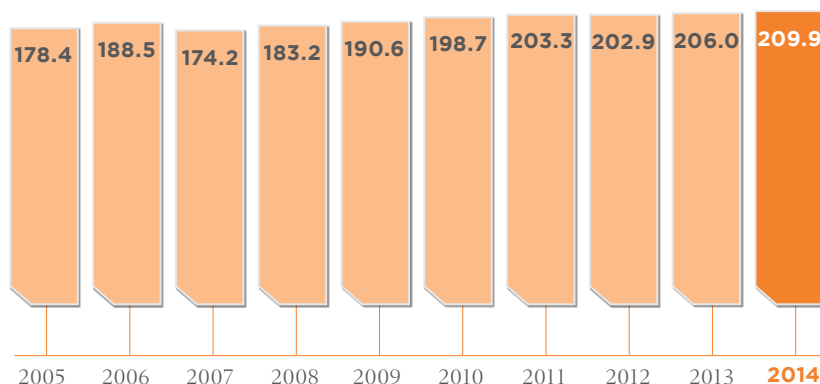
<b>Total profit for distribution</b>	<b>206,112,405</b>
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<b>5/6ths to distributing bodies and agencies</b>	<b>171,760,337</b>
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<b>1/6th allocated to sport</b>	<b>34,352,067</b>
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<b>Detailed breakdown</b>	- Swiss Olympic	
	Swiss Football Association, National football and ice hockey leagues	10,305,620
	- Share allocated to cantonal distributing bodies for sport	24,046,447

## Distribution (in CHF million)



## Basis for distribution of profits (in CHF)

### GROSS GAMING REVENUES (GGR)

	Vaud	Fribourg	Valais	Neuchâtel	Geneva	Jura	Total
Instant/ scratch-card games	39,695,036	10,245,764	22,159,564	10,613,518	14,999,555	4,517,870	102,231,307
Draw-based games	58,895,648	19,906,298	31,719,247	12,468,092	27,807,385	5,143,110	155,939,781
Sports betting	2,012,567	522,809	1,032,313	584,241	1,474,613	108,859	5,735,401
Loterie électronique	34,956,508	6,107,242	16,137,593	8,472,548	21,510,247	3,006,171	90,190,309
PMUR	13,642,064	1,880,398	4,199,916	3,761,548	8,267,234	1,794,007	33,545,167
<b>Total</b>	<b>149,201,824</b>	<b>38,662,511</b>	<b>75,248,634</b>	<b>35,899,947</b>	<b>74,059,035</b>	<b>14,570,015</b>	<b>387,641,965</b>

### POPULATION

	Vaud	Fribourg	Valais	Neuchâtel	Geneva	Jura	Total
<b>Population</b>	<b>749,373</b>	<b>297,622</b>	<b>327,011</b>	<b>176,402</b>	<b>469,433</b>	<b>71,738</b>	<b>2,091,579</b>

## Breakdown of profits by canton (in CHF)

### SHARE ALLOCATED TO CANTONAL DISTRIBUTING BODIES AND AGENCIES

	Vaud	Fribourg	Valais	Neuchâtel	Geneva	Jura	Total
Population	30,769,232	12,220,350	13,427,061	7,243,061	19,274,904	2,945,560	85,880,169
GGR	33,054,929	8,565,489	16,670,964	7,953,457	16,407,415	3,227,915	85,880,169
<b>Total</b>	<b>63,824,161</b>	<b>20,785,839</b>	<b>30,098,026</b>	<b>15,196,517</b>	<b>35,682,319</b>	<b>6,173,475</b>	<b>171,760,337</b>

### SHARE ALLOCATED TO CANTONAL DISTRIBUTING BODIES FOR SPORT

	Vaud	Fribourg	Valais	Neuchâtel	Geneva	Jura	Total
Population	4,307,692	1,710,849	1,879,789	1,014,028	2,698,487	412,378	12,023,224
GGR	4,627,690	1,199,168	2,333,935	1,113,484	2,297,038	451,908	12,023,224
<b>Total</b>	<b>8,935,383</b>	<b>2,910,017</b>	<b>4,213,724</b>	<b>2,127,512</b>	<b>4,995,525</b>	<b>864,287</b>	<b>24,046,447</b>



# Notes to annual financial statements

(With comparable 2013 data/expressed in Swiss francs (CHF))

## 1. GENERAL INFORMATION

Société de la Loterie de la Suisse Romande is a private-law non-profit-making association. It is governed by Articles 60ff of the Swiss Civil Code. Loterie Romande has its registered head office in Lausanne. Its business object is to organise and operate, with the due authorisations as laid down in legislation, lottery games and betting involving draws in money and in kind, and to redeploy net profits generated from this to public service institutions and associations – social-welfare, cultural, research or sporting – working for the community in the cantons of French-speaking Switzerland.

## 2. ACCOUNTING AND VALUATION PRINCIPLES

### Basis on which the accounts have been compiled

The annual accounts for the 2014 financial year have been compiled in compliance with all Swiss GAAP Accounting & Reporting Recommendations (ARR), as applied from 1st January 2013. The annual accounts represent a true and fair view of the assets, financial position and results according to the Swiss GAAP ARR rules.

These accounts have been drawn up on the basis of the 'going concern' principle. The accounts are prepared according to the historical cost principle. The accounting years are defined in accordance with the accrual basis of accounting.

### Transactions in foreign currencies

Transactions in foreign currencies are converted at the exchange rate at the end of the previous month. Currency gains and losses resulting from completion of such transactions, as well as the revaluation of balance-sheet items in foreign currencies to the exchange rate on the period-closing date, are booked in the income statement for the period.

### Transactions with associated parties

No transaction of any significance was undertaken with associated parties.

### Cash and liquid assets

This item includes cash in hand and liquid assets held in postal accounts and at banks that can be readily converted into cash. Cash and liquid assets are valued at their nominal value. Assets in foreign currencies are valued at the exchange rate applicable on the period-closing date.

### Short-term deposits

Financial investments extend up to a maximum duration of one year. These are valued at their nominal value.

### Retailers' current-account balances

Current-account balances of retailers marketing our lottery games represent, at nominal value, the total stake money cashed on the company's behalf, after deduction of winnings paid out by retailers and retailers' commission fees. A provision for losses on accounts receivable, corresponding to economic reality, is calculated each year. The principle for calculating this is as follows:

% of amount receivable due	and in arrears for
15%	<= 30 days
50%	<= 60 days
100%	> 60 days

### Other current assets

Other short-term receivables are booked at nominal value with due account being taken of any requisite value adjustments.

### Inventories

Inventories bought are valued at acquisition cost after correction for any necessary value adjustments. Discounts or rebates are treated as reductions in the acquisition cost.

### Pre-paid expenses and accrued income

This item covers costs paid in advance chargeable to the following financial year, together with income relating to the current financial year that will only be cashed at a later date. Prepaid expenses and accrued income are valued at their nominal value.

### Tangible and intangible fixed assets

Tangible and intangible assets are valued at their acquisition cost, less any required depreciation charges. Depreciation of fixed assets is calculated using the straight-line method over their economically useful life-times.

### Life-times for various assets

Buildings	33 years
Installations & equipment	10 years
IT hardware	4-8 years
Furniture, fixtures & fittings	2-10 years
Fixtures & fittings at points of sale	5 years
Audiovisual equipment	4 years
Vehicles	4 years
Software	4-6 years

Depreciation commences as soon as the fixed asset starts being used.

The value of tangible and intangible fixed assets is subject to examination if signs are noticed indicating the asset's book value might be lower than its recoverable value. The detailed examination is presented in Notes 9 and 11.

**Financial fixed assets**

Financial fixed assets include a single non-consolidated participation and a long-term loan secured by property. These fixed assets are valued at acquisition cost after deduction for economically necessary value adjustments. Those denominated in foreign currencies are booked at the exchange rate applicable on the period-closing date. Balances in bank accounts acting as collateral for rent guarantees also come under this heading.

**Current liabilities**

These liabilities are booked at their nominal value. Current liabilities comprise all debts with maturities of less than 12 months.

**Pension liabilities**

Pension liabilities are calculated on the basis of the balance sheet of the occupational retirement benefit plan established in accordance with Swiss GAAP/ARR Standard No.26. As of 31st December 2014, the provisional position showed surplus cover which does not reach the targeted fluctuation reserving rate as defined in the Foundation's regulations. Nor are there any employer contribution reserves.

**Provisions**

Probable liabilities based on a past event and the amount of which, the probability of it happening and when, cannot be stipulated with any certainty, but can be estimated reliably, are booked under provisions. For instance, this could relate to liabilities connected with legal or other such proceedings.

**Accrued charges and deferred income**

This item comprises expenses or costs chargeable to the current financial year, but which will only be paid at a later stage, as well as any income received in advance, but relating to the subsequent financial year. Accrued charges and deferred income are valued at their nominal value.

**Own funds, capital & reserve – Guarantee fund**

This item corresponds to the sum at historical cost paid by the five French-speaking cantons when the Loterie Romande was set up in 1937. It also includes the sum paid in by the Canton of Jura when it was created in 1979.

**Free reserve**

Free reserve corresponds to a fund the Board of Directors and the General Assembly may decide to pay into or draw down. Allocated from profits generated in the annual accounts, sums considered appropriate are set aside for free reserve necessary for the sound long-term management of the company's funds. Redeploying this free reserve must meet this long-term management goal. The Board of Directors submits a proposal to set aside or use this free reserve for approval by the General Assembly.

**Gross gaming revenues**

Gross gaming revenues (GGR) constitute the difference between the money staked by players and the winnings paid out, adjusted for the theoretical payout ratio as defined in the draw schedule.

**Approval of accounts**

The annual accounts were approved by the Board of Directors at its meeting on 26 March 2015.

**Significant events that occurred after the year-end closing date**

The value of assets and liabilities is adjusted in the case of significant events, which were generated or conditions for which existed at the time of the balance-sheet date would modify values as of the year-end closing date. Such adjustments can occur up to the date when the financial accounts are approved by the Board of Directors. Events not altering balance-sheet values are presented in these Notes to the accounts.

The decision by the Swiss National Bank (SNB) on 15 January 2015 to abandon its floor exchange rate, with the direct consequence that the Swiss franc rose in value against the euro, will have an impact on the value in Swiss francs of balance-sheet positions held in foreign currencies during the course of the 2015 financial year.

**3. CASH/LIQUID ASSETS**

	2014	2013
Cash in hand	17,402	22,323
PostFinance	79,109,613	62,364,448
Cash held at banks	102,177,709	128,681,619
	<b>181,304,724</b>	<b>191,068,390</b>

**4. SHORT-TERM DEPOSITS**

	2014	2013
Short-term deposits	40,278,946	30,278,928
	<b>40,278,946</b>	<b>30,278,928</b>

Such deposits are contracted with financially sound counterparties in accordance with a stringent in-house procedure ratified by the Board of Directors. There are no deposits held in foreign currencies.

The rates of interest are calculated on the basis of going rates on the interbank market (LIBOR), ranging from 0.1% to 0.16%, with an appropriate margin.

**5. RETAILERS' CURRENT-ACCOUNT BALANCES**

	2014	2013
Retailers' current-account balances	12,797,831	17,374,221
Provision for losses on receivables	-400,000	-400,000
<b>Net retailers' balances</b>	<b>12,397,831</b>	<b>16,974,221</b>

Invoicing is done weekly, except for sales outlets operating horse-race betting (PMU), for which billing is done three times a week. Payments are collected at the end of the week, except for sizeable accounts, where the payment deadline is 30 days.

Collections made on 30 December 2014 explain the difference in balances compared to 2013.

**6. OTHER SHORT-TERM RECEIVABLES**

	2014	2013
Société simple Euro Millions	6,623,443	8,996,539
Distributing bodies and ADEC	9,534,240	9,780,653
Withholding tax paid at source	329,512	579,013
Other receivables	903,873	1,418,394
	<b>17,391,068</b>	<b>20,774,598</b>

The current account of the Société simple Euro Millions, relating to the Euro Millions game, is denominated in euros and valued at the euro/Swiss franc exchange rate in force on the last day of the financial year. This is mainly money paid into banks in connection with the Euro Millions game.

Receivables for the distributing bodies include primarily donations allocated directly to various associations for which financing is drawn down from profits for the current year. Such amounts are subsequently deducted from the profits to be distributed once the accounts are definitively approved. The allocation to ADEC is also an advance on profits which is reconciled once the profit distribution is determined.

This 'Withholding tax paid at source' item constitutes withholding tax calculated on winnings paid and won during the draws (online games). Withholding tax is then paid to the Swiss Federal Tax Administration (FTA) in the month following the month in which the draws take place, regardless of whether the winner has claimed their winnings or not.

**7. INVENTORIES**

	2014	2013
Consumables	1,354,837	908,240
Value adjustments for inventories	-50,000	–
Finished products	1,723,100	1,302,707
	<b>3,027,937</b>	<b>2,210,947</b>

Inventories are comprised of the following:

1. consumables, in particular spare parts needed for repairing and maintaining gaming machinery and terminals on our retailers' premises, as well as rolls of paper and blank tickets for the gaming equipment;
2. finished products, i.e. batches of cards/tickets already printed and waiting to be put on sale (their value comprises the cost of printing and the paper).

**Value adjustments for inventories**

Spare parts used for the PMU equipment are valued with due account being taken of any depreciation charges and value adjustments.

**8. PRE-PAID EXPENSES AND ACCRUED INCOME**

	2014	2013
Winnings calculated on stakes booked in advance (multi-draws)	1,075,113	1,195,260
Adjustments to GGR	3,171,326	1,565,933
Pre-paid expenses	2,312,182	1,552,753
Accrued interest and other income to be booked	36,797	15,028
Other accrued assets	924,512	697,006
	<b>7,519,930</b>	<b>5,025,979</b>

This item covers, in particular, invoiced charges paid in advance by the closing date for the accounts, but relating to the following financial year. Adjustments to GGR are also included under this item. These adjustments constitute the difference between the

actual rate of payout on winnings and the theoretical payout ratio as defined in the draw schedule. This amount can also be found in the Income statement under the 'Prizes' item. The GGR figure in the operating account is thus the theoretical GGR from games.

**9. TANGIBLE FIXED ASSETS**

	Property & buildings	Installations and equipment	Furniture, fixtures and vehicles	IT hardware	Fixed assets under construction	Total
<b>Gross values</b>						
Position as of 01.01.2013	12,802,701	8,926,015	12,197,575	53,796,866	1,445,082	89,168,240
Additions	–	171,911	1,109,622	609,618	12,714,881	14,606,032
Disposals	–	–	-229,487	-356,257	–	-585,744
Reclassification	–	–	–	-17,567	–	-17,567
Position as of 31.12.2013	<b>12,802,701</b>	<b>9,097,927</b>	<b>13,077,710</b>	<b>54,032,660</b>	<b>14,159,963</b>	<b>103,170,960</b>
<b>Accumulated depreciation</b>						
Position as of 01.01.2013	-3,787,412	-6,993,758	-8,548,179	-35,522,452	–	-54,851,801
Depreciation	-371,101	-504,431	-1,238,280	-4,861,215	–	-6,975,027
Disposals	–	–	228,645	355,716	–	584,362
Reclassification	–	–	–	17,567	–	17,567
Impairment	–	–	–	–	–	–
Position as of 31.12.2013	<b>-4,158,513</b>	<b>-7,498,188</b>	<b>-9,557,814</b>	<b>-40,010,384</b>	<b>–</b>	<b>-61,224,899</b>
<b>Net values as of 31.12.2013</b>	<b>8,644,189</b>	<b>1,599,738</b>	<b>3,519,895</b>	<b>14,022,276</b>	<b>14,159,963</b>	<b>41,946,061</b>
<b>Gross values</b>						
Position as of 01.01.2014	12,802,701	9,097,927	13,077,710	54,032,660	14,159,963	103,170,960
Additions	345,000	9,365	369,090	5,043,797	12,080,587	17,847,840
Disposals	–	–	-877,404	-21,939,975	–	-22,817,379
Reclassification	–	27,217	699,479	9,593,358	-10,330,581	-10,527
Position as of 31.12.2014	<b>13,147,701</b>	<b>9,134,509</b>	<b>13,268,875</b>	<b>46,729,840</b>	<b>15,909,969</b>	<b>98,190,894</b>
<b>Accumulated depreciation</b>						
Position as of 01.01.2014	-4,158,513	-7,498,188	-9,557,814	-40,010,384	–	-61,224,899
Depreciation	-371,101	-377,616	-1,508,025	-5,960,732	–	-8,217,473
Disposals	–	–	877,404	21,939,696	–	22,817,101
Reclassification	–	–	6,487	-1,925	–	4,562
Impairment	-110,591	-550,507	-314,385	–	-801,791	-1,777,274
Position as of 31.12.2014	<b>-4,640,205</b>	<b>-8,426,311</b>	<b>-10,496,332</b>	<b>-24,033,345</b>	<b>-801,791</b>	<b>-48,397,983</b>
<b>Net values as of 31.12.2014</b>	<b>8,507,497</b>	<b>708,197</b>	<b>2,772,542</b>	<b>22,696,496</b>	<b>15,108,178</b>	<b>49,792,910</b>

**Impairment on asset values in 2014**

Some items have undergone a revaluation reappraisal and the length of their useful life-times has been reassessed. The main reason is the renovation of the building in Avenue de Provence which will enable Loterie Romande to bring together its two office sites at present, Provence and Marterrey, under one roof.

The total amount of writedowns on values of fixed assets comes to CHF 1,777,274.

**Property and mortgages**

	2014	2013
Total value of buildings in the balance sheet	8,507,497	8,644,189

Mortgage notes on such property assets are as follows:

First-ranked mortgage notes	Provence 14-20 ground floor	2,500,000	2,500,000
Second-ranked mortgage notes	Provence 14-20 ground floor	500,000	500,000

<b>Total of guarantee-free mortgage notes</b>	<b>3,000,000</b>	<b>3,000,000</b>
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**Values for fire-insurance purposes (policies in force)**

	2014	2013
Buildings	25,332,870	25,332,870
Installations and equipment	61,776,134	61,776,134

Insurance values for the purposes of fire insurance contracts on fixtures, fittings and equipment, updated as of 1st January 2012, have not been revalued since. Items are insured regardless of where they are located.

**10. FINANCIAL FIXED ASSETS**

	2014	2013
Long-term loan (10 years)	23,000,000	23,000,000
Participation in SLE Euro Millions, 0.9% capital (EUR 3,401.70)	4,090	4,176
Rent guarantee & securities	82,114	82,062
	<b>23'086'204</b>	<b>23,086,238</b>

The long-term loan, contracted in 2011 with a term of 10 years, is secured by property and bears interest in accordance with the contract terms.



**11. INTANGIBLE FIXED ASSETS**

Software

<b>Gross values</b>	Position as of 01.01.2013	69,481,406
	Additions	3,538,894
	Disposals	-4,547,653
	Reclassification	17,567
	Position as of 31.12.2013	<b>68,490,214</b>
<b>Accumulated depreciation</b>	Position as of 01.01.2013	-48,407,132
	Depreciation	-6,273,133
	Disposal	4,547,653
	Reclassification	-17,567
	Impairment	—
Position as of 31.12.2013		<b>-50,150,179</b>
<b>Net value as of 31.12.2013</b>		<b>18,340,035</b>

<b>Gross values</b>	Position as of 01.01.2014	68,490,214
	Additions	6,144,727
	Disposals	-2,065,488
	Reclassification	10,527
	Position as of 31.12.2014	<b>72,579,980</b>
<b>Accumulated depreciation</b>	Position as of 01.01.2014	-50,150,179
	Depreciation	-5,381,571
	Disposal	2,065,488
	Reclassification	-4,562
	Impairment	-1,178,113
Position as of 31.12.2014		<b>-54,648,936</b>
<b>Net value as of 31.12.2014</b>		<b>17,931,044</b>

**Impairment on asset values in 2014**

Some items have undergone a revaluation reappraisal and the length of their useful life-times has been reassessed. The useful life-times of online games systems on the Internet platform have been reappraised and shortened.

The total amount of writedowns on values of intangible assets comes to CHF 1,178,113.

**12. WINNINGS AND PRIZES PAYABLES**

	2014	2013
Winnings and prizes payables	15,066,135	18,340,438
	<b>15,066,135</b>	<b>18,340,438</b>

Winnings and prizes payables represent those winnings and prizes that can still be claimed by the winners in the 6 months following the date of the draw, as well as the jackpot reserve fund.

**13. PLAYERS' WALLETS**

	2014	2013
Players' wallets (Internet)	2,858,947	2,330,764
	<b>2,858,947</b>	<b>2,330,764</b>

The 'Players' wallets' item is the balance on players' Internet accounts. Funds for these accounts are supplied by the players themselves who use the money in their accounts to play the various games offered by Loterie Romande on its Internet plat-

form. Once their accounts are credited, the players can access the games offered by Loterie Romande. Winnings of up to CHF 1,000 are directly credited to players' wallets whereas winnings in excess of that figure are paid into their bank accounts.

**14. TRADE ACCOUNTS PAYABLES**

	2014	2013
Trade accounts payables	5,850,878	6,250,628
	<b>5,850,878</b>	<b>6,250,628</b>

**15. PROFIT TO BE PAID OUT**

	2014	2013
Profit to be paid out	42,713,545	40,564,154
	<b>42,713,545</b>	<b>40,564,154</b>

Profits are paid out in four quarterly instalments once the accounts have been finally validated by the General Assembly. Payments start from the second half of the year following the

accounting year. As of the year-end closing date, the final quarter of profits for the 2013 financial year still remained to be paid out, which will be disbursed in March 2015.

**16. OTHER LIABILITIES**

	2014	2013
Withholding tax payable	2,388,692	2,315,364
VAT payable	1,014,706	454,586
Partner companies' current-account balances	2,476,439	2,293,343
Other debts	223,504	292,530
	<b>6,103,341</b>	<b>5,355,823</b>

The 'Withholding tax payable' item consists of withholding tax to be paid for winnings in the month of December. Partner companies' current-account balances relate to services undertaken related to joint running of various games.

**17. SHORT-TERM PROVISIONS**

	Provisions for legal costs	Other provisions	Total
<b>Position as of 01.01.2013</b>	<b>2,000,000</b>	<b>1,000,000</b>	<b>3,000,000</b>
Allocation	—	—	—
Use	—	-74,972	-74,972
Release	—	—	—
<b>Position as of 31.12.2013</b>	<b>2,000,000</b>	<b>925,028</b>	<b>2,925,028</b>
Allocation	—	—	—
Use	—	-53,144	-53,144
Release	—	—	—
<b>Position as of 31.12.2014</b>	<b>2,000,000</b>	<b>871,884</b>	<b>2,871,884</b>

As this pertains to a civil-law case as part of an application for dispute-resolution arbitration, the outcome of this legal dispute cannot be estimated owing to the uncertainty involved.

**18. ACCRUED CHARGES AND DEFERRED INCOME**

	2014	2013
Stakes booked in advance	2,055,917	2,290,679
Other accrued liabilities	3,750,912	1,926,456
Provision for invoices to be received	2,329,787	3,438,648
Adjustments to GGR	10,973,807	13,563,188
	<b>19,110,423</b>	<b>21,218,971</b>

Adjustments to GGR constitute the difference between the actual rate of payout on winnings and the theoretical payout ratio as defined in the draw schedule. The GGR figure in the Income statement is thus the theoretical GGR from games. This disparity, on the liabilities side, implies that winnings paid out effectively compared to sales for the period are lower than the theoretical payout ratio.

This stems primarily from new tickets and games being launched at the end of the year, as well as the time-lag between the sale of a ticket/ card and payment of any winnings relating to it. The most striking example of this is the Billet Le Million scratch-card, when the bulk of the sales occur at the end of Year N whereas the major prizes can only be cashed in at the start of Year N+1.

**19. PENSION LIABILITIES**

IPP LoRo surplus cover 2014	Economic benefit 2014	Economic benefit 2013	Change during the year	Personnel costs 2014	Personnel costs 2013
—	—	—	—	2,078,184	2,162,575

**20. GROSS GAMING REVENUES (GGR)**

	2014	2013
Gross gaming revenues (GGR)	387,641,965	377,735,251
	<b>387,641,965</b>	<b>377,735,251</b>

Gross gaming revenues (GGR) constitute the money staked by players less the winnings paid out, adjusted for theoretical winnings, so as to reflect the theoretical level of GGR as defined in the draw schedule published in the Official Gazettes.

Owing to Loterie Romande's weekly invoicing period, the 2014 financial year books sales from 29 December 2013 to 27 December 2014 (2013: from 30 December 2012 to 28 December 2013).

**21. COMMISSION FEES**

	2014	2013
Commission fees	71,874,502	69,596,211
	<b>71,874,502</b>	<b>69,596,211</b>

These constitute commission fees paid out to our 2,650 retailers from sales of lottery products and games.

**22. OPERATING COSTS**

	2014	2013
Retailers' expenses	666,000	647,012
Producing games	5,047,702	5,005,583
Operating games	14,493,180	14,975,991
IT	18,653,355	19,204,587
Personnel costs	27,392,353	27,136,993
General overheads & administrative costs	7,053,482	7,218,255
Marketing, publicity & communications	15,235,390	15,230,183
Sales & promotional events	2,695,550	2,854,779
Depreciation & impairment	16,554,431	13,248,159
	<b>107,791,442</b>	<b>105,521,542</b>
<b>Operating costs/GGR ratio</b>	<b>27.8%</b>	<b>27.9%</b>

Operating costs are all expenses and costs needed to operate Loterie Romande's games and run its business.

**23. FINANCIAL COSTS AND INCOME**

	2014	2013
Financial costs	-173,522	-173,972
Financial income	439,087	572,730
	<b>265,565</b>	<b>398,758</b>

Financial costs and income include interest on bank and post-al accounts, interest on the long-term loan and on fixed-term placements. Also included under this item are currency gains/losses on accounts denominated in foreign currencies.

**24. NON-OPERATING COSTS AND INCOME**

	2014	2013
Non-operating & exceptional costs	-103,988	-95,608
Non-operating & exceptional income	263,432	2,568,915
	<b>159,445</b>	<b>2,473,308</b>

In some financial years, some income and/or costs may not be directly charged to the operation of lottery games. This might relate to one-off expenses which will not recur.

For instance in 2013, provisions related to games that were no longer run during the year were released. No significant item is noted during the last financial year.

**25. OFF-BALANCE-SHEET OPERATIONS**

	2014	2013
Total amount of guarantees, deposits and other pledges in favour of third parties	100,000	100,000
Leasing debts of less than 1 year	591,705	781,706
Leasing debts between 1 and 4 years	721,646	614,725
<b>Total sum of leasing debts</b>	<b>1,313,352</b>	<b>1,396,431</b>

The pledges are collateral security with a bank acting as cover for exchange-rate risks on forward currency purchases to pay our European suppliers.

Leasing debts relate to the company's fleet of vehicles.



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## Report of the statutory auditor

To the General Meeting of the members of  
**Société de la Loterie de la Suisse Romande**, Lausanne

## Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Société de la Loterie de la Suisse Romande, which comprise the balance sheet as at December 31, 2014, and the statement of income, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

### *Board of Directors' Responsibility*

The Board of Directors is responsible for the preparation of these financial statements in accordance with Swiss GAAP FER, the requirements of Swiss law, intercantonal agreements and the articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit.Fiscalité.Consell.Corporate Finance.

Member of Deloitte Touche Tohmatsu Limited



**Opinion**

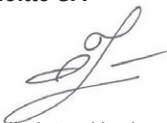
In our opinion, the financial statements for the year ended December 31, 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law, intercantonal agreements and the articles of incorporation.

**Report on Other Legal Requirements**

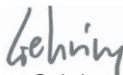
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

**Deloitte SA**

Annik Jaton Hüni  
Licensed Audit Expert  
Auditor in Charge



Jürg Gehring  
Licensed Audit Expert

Lausanne, March 26, 2015

**Enclosures**

- Financial statements (balance sheet, statement of income, statement of changes in equity, statement of cash flows and notes)



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