

FINANCIAL STATEMENTS

Profits of New Zealand Lotteries

For the year 1 July 2007 to 30 June 2008

AUDIT REPORT

TO THE READERS OF THE PROFITS OF NEW ZEALAND LOTTERIES' FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of the Profits of New Zealand Lotteries. The Auditor-General has appointed me, Jo Smail, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf. The audit covers the financial statements of the Profits of New Zealand Lotteries for the year ended 30 June 2008.

UNQUALIFIED OPINION

In our opinion:

- The financial statements of the Profits of New Zealand Lotteries on pages 82 to 96
 - comply with generally accepted accounting practice in New Zealand and
 - fairly reflect
 - the Profits of New Zealand Lotteries' financial position as at 30 June 2008 and
 - the results of its operations and cash flows for the year ended on that date.

The audit was completed on 31 October 2008, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Secretary of Internal Affairs and the Auditor, and explain our independence.

BASIS OF OPINION

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Profits of New Zealand Lotteries;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

RESPONSIBILITIES OF THE SECRETARY OF INTERNAL AFFAIRS AND THE AUDITOR

The Secretary of Internal Affairs is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Profits of New Zealand Lotteries as at 30 June 2008 and the results of its operations and cash flows for the year ended on that date. The Secretary of Internal Affairs' responsibilities arise from the Public Finance Act 1989 and the Gambling Act 2003.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. The responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

INDEPENDENCE

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship or interests in the Profits of New Zealand Lotteries.



Jo Smail
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

STATEMENT OF RESPONSIBILITY

The Secretary for Internal Affairs is responsible for the preparation of the financial statements and the judgements used therein.

The attached financial statements have been prepared on the basis of generally accepted accounting principles and are consistent with the Public Finance Act 1989 and Section 290 of the Gambling Act 2003.

Internal control procedures are considered to be sufficient to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion these financial statements fairly reflect the financial position, the results of operations and the cashflows of the profits of New Zealand Lotteries for the year ended 30 June 2008.



Brendan Boyle
Secretary for Internal Affairs
31 October 2008



Sarah Hill
Secretary, New Zealand Lottery Grants Board

STATEMENT OF PURPOSE

These financial statements comprise the accounts of the Profits of New Zealand Lotteries.

New Zealand Lotteries are Lotteries promoted, organised and conducted by the New Zealand Lotteries Commission under Part 3, subpart 2 of the Gambling Act 2003.

The profits of New Zealand Lotteries, less any costs of administration and miscellaneous expenditure, are distributed by Lottery Distribution Committees and the Minister of Internal Affairs for community purposes, and are expended on specified statutory purposes by the three statutory bodies named in Section 279 of the Act, being Creative New Zealand, Sport and Recreation New Zealand (SPARC) and the New Zealand Film Commission.

The New Zealand Lottery Grants Board allocates the profits of New Zealand Lotteries to the Lottery Distribution Committees, the Minister of Internal Affairs (Discretionary Fund) and the three statutory bodies in accordance with Sections 276, 278 and 279 of the Gambling Act 2003.

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Under the provisions of the Gambling Act 2003, the Secretary of Internal Affairs is responsible for keeping the accounts of the Profits of New Zealand Lotteries.

These financial statements have been prepared in accordance with the Public Finance Act 1989. For the purposes of financial reporting, the Profits of New Zealand Lotteries is a public benefit entity.

Reporting period

The reporting period for these financial statements is the year ended 30 June 2008 approved by the New Zealand Lottery Grants Board on 31 October 2008.

Statement of Compliance

These financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to IFRS (NZIFRS) and other applicable Financial Reporting Standards, as appropriate for public benefits entities. These are the Profits of New Zealand Lotteries' first financial statements complying with NZIFRS and NZIFRS 1 has been applied.

ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZIFRS balance sheet as at 1 July 2006 for the purposes of the transition to NZIFRS.

The measurement base applied is that of historical cost.

The accrual basis of accounting has been used unless otherwise stated. These financial statements are presented in New Zealand dollars.

Judgements and Estimates

The preparation of financial statements in conformity with NZIFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if revision affects both current and future periods.

Budget Figures

The budget figures are those approved by the Minister of Internal Affairs at the beginning of the financial year.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Secretary for Internal Affairs for the preparation of the financial statements.

Revenue

Revenue comprises the profits of the New Zealand Lotteries Commission, interest income from investments and other miscellaneous revenue. Revenue is measured at the fair market value of consideration received or receivable.

Profits from the New Zealand Lotteries Commission are recognised when advised by the Commission, while investment and other revenue is recognised when earned and is reported in the financial period to which it relates.

Depreciation

The Department of Internal Affairs owns all of the fixed assets used by staff servicing the New Zealand Lotteries Grants Board, the Distribution Committees and their Sub-Committees.

An asset service charge is paid which represents the depreciation expense of the assets used.

Financial Instruments

Designation of financial assets and financial liabilities is determined by the business purpose of the financial instruments, policies and practices for their management, their relationship with other instruments and the reporting costs and benefits associated with each designation.

Financial Assets

Cash and cash equivalents include cash on hand, cash in transit and deposits held at call with banks, both domestic and international, other short-term, highly liquid investments, with original maturities of three months or less.

Accounts receivable have been designated as receivables. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Loans and receivables entered into with a duration of less than 12 months are recognised at their normal value. At each balance date, the Secretary of Internal Affairs assesses whether there is any objective evidence that loans which are receivables are impaired. Any impairment losses are recognised in the Statement of Financial Performance as bad debts.

Investments

Premiums or discounts on investments are amortised over the life of the investment on a yield to maturity basis.

At each balance sheet date the New Zealand Lottery Grants Board assesses whether there is any objective evidence that an investment is impaired.

Goods and Services Tax (GST)

These accounts have been prepared on a GST exclusive basis, except for accounts payable. GST is presented net in the balance sheet.

Taxation

Profits of New Zealand Lotteries are exempt from the payment of income tax in terms of the Income Tax Act 2004. Accordingly, no charge for income tax has been provided.

Receivables

Accounts receivable are recorded at estimated realisable value. At each balance sheet date the New Zealand Lottery Grants Board assesses whether there is any objective evidence that a receivable is impaired.

Cash and Cash Equivalent

Cash and cash equivalent includes cash in bank, call accounts and investments with maturity three months or less. The carrying value of these approximates their fair value.

Grants Approved

The net grants approved by the Distribution Committees in the financial period are recognised as an expense in the Statement of Financial Performance.

The grants are discretionary and are recognised as expenditure when approved by the Distribution Committee and the approval has been communicated to the applicant.

Changes in Accounting Policies

Accounting policies are changed only if the change is required by a standard or interpretation or otherwise provides more reliable and more relevant information.

Other than changes arising from adoption of NZIFRS there have been no changes in accounting policies.

Explanation of Transition to NZIFRS

The Profits of New Zealand Lotteries financial statements for the year ended 30 June 2008 are the first financial statements that comply with NZIFRS. NZIFRS 1 has been applied in preparing these financial statements.

The Profits of New Zealand Lotteries transition date is 1 July 2006. The opening NZIFRS balance sheet has been prepared as at that date. The reporting date of these financial statements is 30 June 2008. The Profits of New Zealand Lotteries NZIFRS adoption is 1 July 2007.

In preparing these consolidated financial statements in accordance with NZIFRS 1, the mandatory exceptions from full retrospective application of NZIFRS have been applied. No optional exemptions have been applied.

The Profits of New Zealand Lotteries is required to make the following mandatory exceptions from retrospective application.

- Estimates exception
- Estimates under NZIFRS at 1 July 2006 are consistent with estimates made for the same date under previous NZ GAAP.

Comparatives

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

Reconciliation of Equity

There have been no material adjustments to the statements of financial position as at 1 July 2006 and 30 June 2007 on transition to NZIFRS.

Reconciliation of Surplus

There have been no material adjustments to the statement of financial performance as at 30 June 2007 on transition to NZIFRS.

Statement of Cash Flows

There have been no material adjustments to the statement of cash flows as at 30 June 2007 on transition to NZIFRS.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Actual 2008 \$	Budget 2008 \$	Actual 2007 \$
Revenue				
Lotto and Lottery Profits		156,793,331	147,502,000	147,445,345
Interest Revenue	1	7,513,168	5,500,000	6,008,647
Sundry Income	2	1,865		1,750
Total Revenue		164,308,364	153,002,000	153,455,742
Expenditure				
Administration Expenses		4,660,340	4,099,489	3,664,447
Asset Service Charge		281,384	234,000	293,563
Audit Fee		37,000	40,000	35,045
NZ IFRS Audit Fee		5,500	-	8,405
Distribution Committees' Fees	9	122,427	122,834	109,799
Personnel		4,420,164	4,118,052	3,681,040
Public relations		-	191,855	171,495
Total Expenditure		9,526,815	8,806,230	7,963,794
Net Disposable Income		154,781,549	144,195,770	145,491,948
Less Grants Approved	3 & 4	173,653,061	172,558,409	127,835,588
Net Surplus/(Deficit)		(18,871,512)	(28,362,639)	17,656,360

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Actual 2008 \$	Budget 2008 \$	Actual 2007 \$
Net Operating Surplus/(Deficit) for the year		(18,871,512)	(28,362,639)	17,656,360
Total recognised revenues and expenses		(18,871,512)	(28,362,639)	17,656,360
Movements in Equity for the year		(18,871,512)	(28,362,639)	17,656,360
Equity brought forward as at 1 July		83,504,600	83,504,600	65,848,240
Equity as at 30 June	6	64,633,088	55,141,961	83,504,600

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2008

	Note	Actual 2008 \$	Budget 2008 \$	Actual 2007 \$
Equity				
Funds Allocated to Distribution Committees	4	652,947	1,802,403	1,802,403
Accumulated Funds	4	63,980,141	53,339,558	81,702,197
Total Funds Employed (Equity)		64,633,088	55,141,961	83,504,600
Assets				
Current assets				
Cash & Cash Equivalents	6	68,610,220	75,371,083	67,982,766
Short Term Investments	6	22,521,614	-	26,494,527
GST Receivable		3,073,039	3,115,000	3,075,199
Accounts Receivable	7	9,319,445	-	8,893,000
Accrued Interest		710,875	600,000	993,257
Total Current Assets		104,235,193	79,086,083	107,438,749
Total Assets		104,235,193	79,086,083	107,438,749
Liabilities				
Current Liabilities				
Related Parties Accounts Payable Department of Internal Affairs	9	951,351	700,000	712,036
Accounts Payable (Other)		193,251	100,000	77,991
Grants Payable	3	38,457,503	23,144,122	23,144,122
Total Current Liabilities *	8	39,602,105	23,944,122	23,934,149
Working Capital		64,633,088	55,141,961	83,504,600
Net Assets		64,633,088	55,141,961	83,504,600

* Creditors and other payables are non-interest bearing and are within the normal terms and therefore the carrying value of creditors and other payables approximates their fair value.

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Actual 2008 \$	Budget 2008 \$	Actual 2007 \$
Cash Flows from Operating Activities				
Cash was Provided From:				
Lottery Profits		156,366,886	156,395,000	163,080,262
GST Received		2,161	(39,800)	278,692
Interest Received		7,795,549	5,893,257	5,676,568
Sundry Receipts		1,865		1,750
		164,166,461	162,248,457	169,037,272
Cash was Applied To:				
Grants Paid	3	158,339,680	172,558,409	124,848,695
Administration Expenses		9,102,442	8,796,257	8,181,009
Expenses Paid on behalf of the New Zealand Lottery Grants Board		69,798	-	40,853
GST Paid				
		167,511,920	181,354,666	133,070,557
Net Cash Flows from Operating Activities		(3,345,459)	(19,106,210)	35,966,715
Cash Flows from Investing Activities				
Cash was Provided From:				
Net Sale of Term Investments **		3,972,913	21,597,598	(38,651,346)
Net Cash Flows from Investing Activities		3,972,913	21,597,598	(38,651,346)
Net Increase/(Decrease) in Cash Held		627,454	7,388,317	(2,684,631)
Add Opening Cash & Cash Equivalent		67,982,766	67,982,766	70,667,397
Closing Cash & Cash Equivalent		68,610,220	75,371,083	67,982,766
Cash & Cash Equivalent		68,610,220	75,371,083	67,982,766
Closing Cash & Cash Equivalent		68,610,220	75,371,083	67,982,766

** In order to summarise the investment flows, thereby providing a more meaningful disclosure, the investment inflows/outflows have been netted.

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.

RECONCILIATION OF NET CASH FLOWS FROM OPERATIONS WITH NET SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2008

	Actual 2008 \$	Budget 2008 \$	Actual 2007 \$
Net Surplus/(Deficit) per Statement of Financial Performance	(18,871,512)	(28,362,639)	17,656,360
Add/(Deduct) Movements in Working Capital Items			
(Decrease)/Increase in Grants Payable	15,313,381	0	2,986,893
(Decrease)/Increase in Accounts Payable	354,575	9,973	(319,150)
Decrease/(Increase) Accrued Interest	282,381	393,257	(332,079)
Decrease/(Increase) Accounts Receivable	(426,445)	8,893,000	15,696,000
Decrease/(Increase) GST Receivable	2,161	(39,801)	278,691
Net Cash Flows from Operating Activities	(3,345,459)	(19,106,210)	35,966,715

STATEMENT OF COMMITMENTS

AS AT 30 JUNE 2008

There are no commitments at 30 June 2008. (2007: Nil)

STATEMENT OF CONTINGENT LIABILITIES

AS AT 30 JUNE 2008

There were no contingent liabilities at 30 June 2008. (2007: Nil)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1

INTEREST REVENUE

	Actual 2008 \$	Actual 2007 \$
Bank of New Zealand Current Account	288,416	16,065
Money Market Investments	7,197,447	5,978,931
Inland Revenue Department ***	27,305	13,651
Total interest revenue	7,513,168	6,008,647

***IRD paid use of money interest on the NZ Lottery Grants Board GST refund.

NOTE 2

SUNDRY INCOME

	Actual 2008 \$	Actual 2007 \$
Recovery from M. Fatialota	1,865	1,750
Total sundry income	1,865	1,750

NOTE 3

GRANTS PAYABLE

	Actual 2008 \$	Actual 2007 \$
Balance as at 1 July	23,144,122	20,157,229
Plus Grants Approved	173,653,061	127,835,588
	196,797,183	147,992,817
Less Grants Paid	(158,339,680)	(124,848,695)
Balance as at 30 June	38,457,503	23,144,122

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.

NOTE 4

COMMITTEES' FUNDS

	Note	\$	Actual 2008 \$	Actual 2007 \$
Undistributed Committees' Funds as at 1 July			1,802,403	1,614,099
Transfers to Accumulated Funds from Minister's Discretionary Fund		(143,876)	(143,876)	(202,515)
Transfer to Accumulated Funds from Defunct Committees		(210,928)	(210,928)	
Funds after Transfers			1,447,599	1,411,584
Add Funds Allocated for the year	5	172,858,409		128,226,407
Less Grants Approved for the year		(173,653,061)		(127,835,588)
			(794,652)	
Undistributed Committees' Funds as at 30 June			652,947	1,802,403

ACCUMULATED FUNDS

		\$	Actual 2008 \$	Actual 2007 \$
Accumulated Funds as at 1 July			81,702,197	64,234,142
Net Surplus/(Deficit)			(18,871,512)	17,656,360
Transfers to Accumulated Funds from Minister's Discretionary Fund		143,876	143,876	202,515
Transfer to Accumulated Funds from Defunct Committees		210,928	210,928	
Add Grants Approved for the year		173,653,061		127,835,588
Less Funds Allocated for the year	5	(172,858,409)		(128,226,407)
			794,652	(390,819)
Accumulated Funds as at 30 June			63,980,141	81,702,197
Total Equity as at 30 June			64,633,088	83,504,600

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.

NOTE 5

ALLOCATIONS

	% of Total 2008	% of Total 2007	Actual 2008 \$	Actual 2007 \$
Distribution Committees				
Community Committees				
National	7.8	9.3	13,443,875	11,902,709
Outdoor Safety	7.4	5.7	12,777,941	7,315,000
Regional				
Northland	0.8	1.0	1,420,074	1,254,882
Auckland	4.5	4.8	7,753,091	6,098,286
Waikato	1.5	1.8	2,605,021	2,305,657
Bay of Plenty/Gisborne	1.4	1.6	2,335,225	2,063,577
Hawkes Bay	0.8	0.9	1,303,310	1,153,222
Taranaki/New Plymouth	0.5	0.6	850,732	751,770
Manawatu/Wanganui	0.9	1.1	1,525,045	1,347,642
Wellington	1.4	1.5	2,351,187	1,962,659
Canterbury	1.5	1.8	2,617,120	2,312,680
West Coast/Marlborough/Tasman	0.8	1.0	1,411,418	1,247,233
Otago/Southland	1.0	1.2	1,804,291	1,594,404
Lottery Environment and Heritage	5.3	6.5	9,247,167	8,364,925
Lottery Health Research	3.5	2.2	6,086,696	2,816,000
Lottery Marae Heritage & Facilities	4.2	5.5	7,332,114	7,072,510
Pacific Provider Development Fund	0.3	0.3	568,454	355,483
Individuals with Disabilities	2.9	4.7	5,020,648	6,036,794
Lottery General Fund	0.0	0.0	-	25,662
Disestablished Committees	0.0	0.0	-	27,306
Lottery Community Facilities Fund	7.5		13,000,000	-
Minister of Internal Affairs	0.2	0.2	315,000	315,516
Statutory Bodies				
Creative New Zealand	16.1	16.6	27,745,000	21,310,000
Sport and Recreation New Zealand (SPARC)	22.2	24.1	38,390,000	30,890,000
New Zealand Film Commission	7.5	7.6	12,955,000	9,702,490
Total Allocations	100	100	172,858,409	128,226,407

\$172,858,409 was allocated for 2007/2008 by the New Zealand Lottery Grants Board.

This total includes one-off allocations made during the year ended 30 June 2008:

New Zealand Film Commission \$2,440,000 and New Zealand Film Archive \$190,000 on 19 July 2007.

Creative NZ \$5,620,000 and Sport & Recreation NZ \$7,500,000 on 19 July 2007.

An allocation of \$300,000 was approved by the Board to fund applicant GST expenses that the NZ Lottery Grants Board is not able to recover from IRD.

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.

NOTE 6**FINANCIAL INSTRUMENTS****Fair Value**

Financial instruments are disclosed in the Statement of Financial Position at their carrying value.

The carrying value of investments at 30 June 2008 was \$84,609,782. (2007: \$93,138,281).

The market value of investments at 30 June 2008 was \$84,920,268. (2007: \$93,530,229).

Currency and Credit Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

There is no currency risk given that all the financial instruments dealt with are denominated in New Zealand dollars.

Credit risk is the risk that a third party will default on its obligation, causing profits of New Zealand Lotteries to incur a loss.

Credit risk is reduced by investing up to fixed limits only in New Zealand Government Stock, Government Guaranteed Stock, Bank Deposit, Promissory Notes carrying a Standard and Poors rating of not less than A2 and Commercial Paper issued or endorsed by selected registered banks in New Zealand. These limits reduce the credit risk exposure to any one financial institution and/or financial instrument.

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.

Concentration of credit risk with respect to accounts receivable is high, due to reliance on the NZ Lotteries Commission for 99% of revenue for the Profits of New Zealand Lotteries. Reliance is placed in the fact that the NZ Lotteries Commission is a going concern. In addition, the allocation of grants by Committees is closely monitored to ensure that commitments are matched by revenue.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. New Zealand Lottery Grants Board invests only in fixed interest rate commercial papers. Interest rate risk is managed through investing only in short term instruments.

The Board's investments in money market investments and New Zealand Government Guaranteed Stock give rise to interest rate risk.

Liquidity Risk

In meeting its liquidity requirements, the New Zealand Lottery Grants Board maintains a target level of investments that must mature within specified timeframes.

Cash & Cash Equivalent

	June 2008	June 2007
\$	\$	\$
Cash in bank and on hand	1,122,052	613,463
Call Account	5,400,000	725,550
Investments less than 3 months	62,088,168	66,643,753
Total Cash & Cash Equivalent	68,610,220	67,982,766

Contractual maturity analysis of financial instruments
As at 30 June 2008

Investments less than 3 months

	Carrying Amount	Contractual Cash Flows	Less than 1 year
Term Deposits	43,000,000	43,502,662	43,502,662
Commercial Papers	19,088,168	19,450,000	19,450,000
Total	62,088,168	62,952,662	62,952,662

Short Term Investments

Term Deposits	2,000,000	2,043,605	2,043,605
Commercial Papers	20,521,614	21,000,000	21,000,000
Total	22,521,614	23,043,605	23,043,605

As at 30 June 2007

	Carrying Amount	Contractual Cash Flows	Less than 1 year
Investments less than 3 months			
Term Deposits	28,500,000	28,863,462	28,863,462
Commercial Papers	38,143,754	38,700,000	38,700,000
Total	66,643,754	67,563,462	67,563,462

Short Term Investments

Term Deposits	5,000,000	5,386,500	5,386,500
Commercial Papers	21,494,527	22,000,000	22,000,000
Total	26,494,527	27,386,500	27,386,500

Contractual cash flows include the interest income on the investments at maturity date.

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.

NOTE 7

ACCOUNTS RECEIVABLE

	Actual 2008 \$	Actual 2007 \$
Extra profits from New Zealand Lotteries Commission	9,319,445	8,893,000
Total Accounts Receivable	9,319,445	8,893,000

Debtors and other receivables are non-interest bearing and receipts are within the normal terms, therefore the carrying value of debtors and other receivables approximates their fair value.

At each balance sheet date the New Zealand Lottery Grants Board assesses whether there is any objective evidence that the receivable is impaired.

NOTE 8

ACCOUNTS PAYABLE

	Actual 2008 \$	Actual 2007 \$
Department of Internal Affairs	1,134,611	779,212
Inland Revenue Department	9,991	10,815
Grants	38,457,503	23,144,122
Total Accounts Payable	39,602,105	23,934,149

Creditors and other payables are non-interest bearing and payments are within the normal terms, therefore the carrying value of creditors and other payables approximates their fair value.

At each balance sheet date the New Zealand Lottery Grants Board assesses whether there is any objective evidence that the payable is impaired.

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.

NOTE 9

RELATED PARTIES AND KEY MANAGEMENT PERSONNEL

The Secretary for Internal Affairs is Trustee of the profits received from the New Zealand Lotteries Commission under the Gambling Act 2003.

The Department of Internal Affairs provides administrative services to the New Zealand Lottery Grants Board, the Distribution Committees and the Minister of Internal Affairs on an arm's length basis.

The services provided include personnel, the provision of assets, accommodation, administration and other services costing \$9,361,888 in the 2007/2008 year (\$7,628,299 in the 2006/2007 year).

At 30 June 2008 Profits of New Zealand Lotteries owed \$951,351 in relation to services provided by the Department of Internal Affairs (30 June 2007: \$712,036).

The key management personnel has been identified as the six members of the New Zealand Lottery Grants Board. They were paid fees from the New Zealand Lottery Grants Board and not from the Profits of the New Zealand Lotteries.

The aggregate value of transactions relating to the grants approved for Christchurch Methodist Mission amounted to \$11,200 (30 June 2007: \$4,900) where Garth Nowland-Foreman was a Board member in a voluntary capacity. However, he was not involved in the approval process and approval was based on normal criteria.

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.

NOTE 10**DISCLOSURE OF FEES**

The total of fees paid to the Distribution Committee members for the year 1 July 2007 to 30 June 2008 is shown below.

Distribution Committee Members' Fees

For attendance at Meetings and Reading Fees 2007/2008

	2007/2008 Total Fees		2006/2007 Total Fees
Adlam, R. B.	-	Adlam, R. B.	201
Anderson, T.	2,025	Anderson, T.	543
Ammunson, P.	1,080	Ammunson, P.	637
Austin, M. A.	-	Austin, M. A.	1,651
Ayrton, C. H.	1,400	Ayrton, C. H.	1,318
Bennett, S. M.	1,881	Bennett, S. M.	2,827
Bradley, M. P.	1,600	Bradley, M. P.	1,139
Burdon, M. C.	1,300	Burdon, M. C.	1,116
Cameron, A. V.	1,755	Cameron, A. V.	543
Cardno, F. G.	-	Cardno, F. G.	216
Coughlan, P.	2,080	Coughlan, P.	2,042
Crighton, A.	600	Crighton, A.	-
Cuthbert, B. G.	699	Cuthbert, B. G.	1,080
Dale, C. J.	968	Dale, C. J.	216
Dale, P. C.	1,560	Dale, P. C.	1,672
Dick, A. J.	1,560	Dick, A. J.	1,885
Diver, F. I.	2,990	Diver, F. I.	2,639
Dodunski, H.	1,100	Dodunski, H.	-
Faitotonu, S.	900	Faitotonu, S.	938
Fitzmaurice, V.	900	Fitzmaurice, V.	1,115
Fox, R.	2,000	Fox, R.	1,779
Gallagher, J. M.	2,000	Gallagher, J. M.	1,580
Gaze, F.	1,690	Gaze, F.	1,352
Ghani, A.	900	Ghani, A.	714
Grammer, B.	2,748	Grammer, B.	2,205
Greening, W. A. J.	900	Greening, W. A. J.	1,515
Hanley, W. P.	700	Hanley, W. P.	1,064
Henry, L. A.	2,400	Henry, L. A.	2,067
Holloway, L.	2,880	Holloway, L.	1,327
Howe, T.	2,520	Howe, T.	1,726
Issacs, O.	1,100	Issacs, O.	787
Jackson, B.	290	Jackson, B.	2,581
Jones, A. S.	-	Jones, A. S.	458
Kahotea, D. T.	1,129	Kahotea, D. T.	1,044
Kerridge, P. E.	3,943	Kerridge, P. E.	5,150
Kippenberger, L. M.	900	Kippenberger, L. M.	1,870
Kohlhase, M.	525	Kohlhase, M.	-
Laban, K. C.	1,344	Laban, K. C.	648
Lawton, B.	2,160	Lawton, B.	543
Le Gros, G.	-	Le Gros, G.	724
Lee, M.	600	Lee, M.	782
Leighton, E. P.	645	Leighton, E. P.	243
Leutele, S. S.	900	Leutele, S. S.	829
Magill, R.	600	Magill, R.	871
Manuel, R. T.	600	Manuel, R. T.	624
Maru, B. T.	2,340	Maru, B. T.	1,285

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.



New Zealand Lottery Grants Board

c/o Department of Internal Affairs

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WELLINGTON 6140

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Fax: 04 495 7225

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www.dia.govt.nz/lotterygrantsboard

www.cdgo.govt.co.nz

Note 10 continued

McAllister, E.	1,200	McAllister, E.	953
McConnell, A. C.	300	McConnell, A. C.	402
Morrison, B. J.	1,133	Morrison, B. J.	490
Mulqueen, M. F.	900	Mulqueen, M. F.	784
Muru, J.	600	Muru, J.	952
Namana, M. K.	968	Namana, M. K.	569
Needham, A.	900	Needham, A.	385
Nicholl, W. L.	2,905	Nicholl, W. L.	1,513
Ogilvie, D. J.	800	Ogilvie, D. J.	-
Olsen, S. N.	600	Olsen, S. N.	870
Paewai, O. N. M.	900	Paewai, O. N. M.	1,027
Pardoe, M. E.	1,100	Pardoe, M. E.	938
Pedersen, C.	700	Pedersen, C.	-
Pugh, S. L.	1,600	Pugh, S. L.	1,206
Poynter, C.	-	Poynter, C.	201
Raleque, U. L.	315	Raleque, U. L.	352
Rasalingam, N.	2,385	Rasalingam, N.	1,080
Rea, L. J.	2,400	Rea, L. J.	2,189
Reilly, K. M.	1,600	Reilly, K. M.	1,737
Rigarlsford, A. J.	998	Rigarlsford, A. J.	2,500
Rowlands, D.	700	Rowlands, D.	-
Ryan-Bell, M. E.	800	Ryan-Bell, M. E.	1,105
Scogins, B. A.	1,620	Scogins, B.A.	-
Scott, R. E.	-	Scott, R. E.	1,920
Scott, R. S.	3,881	Scott, R. S.	1,013
Sharp, Y. L.	2,340	Sharp, Y. L.	1,752
Sharpe, P.	1,560	Sharpe, P.	1,273
Shields, M. K.	2,105	Shields, M.K.	1,826
Shortland, M.	600	Shortland, M.	436
Simpkin, G.	699	Simpkin, G.	-
Si'ulepa, N. I.	420	Si'ulepa, N. I.	469
Soper, D. E. H.	2,000	Soper, D. E. H.	1,935
Suchdev, P.	1,500	Suchdev, P.	-
Sorensen, D.	-	Sorensen, D.	563
Sunitsch, T.	2,000	Sunitsch, T.	1,039
Talbot, K. W.	2,589	Talbot, K. W.	1,477
Tankersly, L.	600	Tankersly, L.	201
Taylor, D. W.	1,354	Taylor, D. W.	2,108
Te Hira, N.	323	Te Hira, N.	1,017
Thomas, B. A.	2,080	Thomas, B. A.	2,396
Thompson, J. Y.	-	Thompson, J. Y.	1,983
Thompson, S. M.	-	Thompson, S. M.	462
Tongatule, I.	525	Tongatule, I.	-
Ulrich, C. E.	1,400	Ulrich, C. E.	1,173
Van der Heyden, A. R.	1,100	Van der Heyden, A. R.	944
Walsh, V.	1,958	Walsh, V.	1,751
Wetere, K. T.	1,450	Wetere, K. T.	4,077
Whaitiri, W.	665	Whaitiri, W.	-
White, J. J.	1,560	White, J. J.	1,905
Williams, H. M.	645	Williams, H. M.	477
Wilson, L.	3,443	Wilson, L.	1,685
Wright, J. A.	-	Wright, J. A.	1,118
Total fees for 2007/2008	122,427	Total fees for 2006/2007	109,799

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.