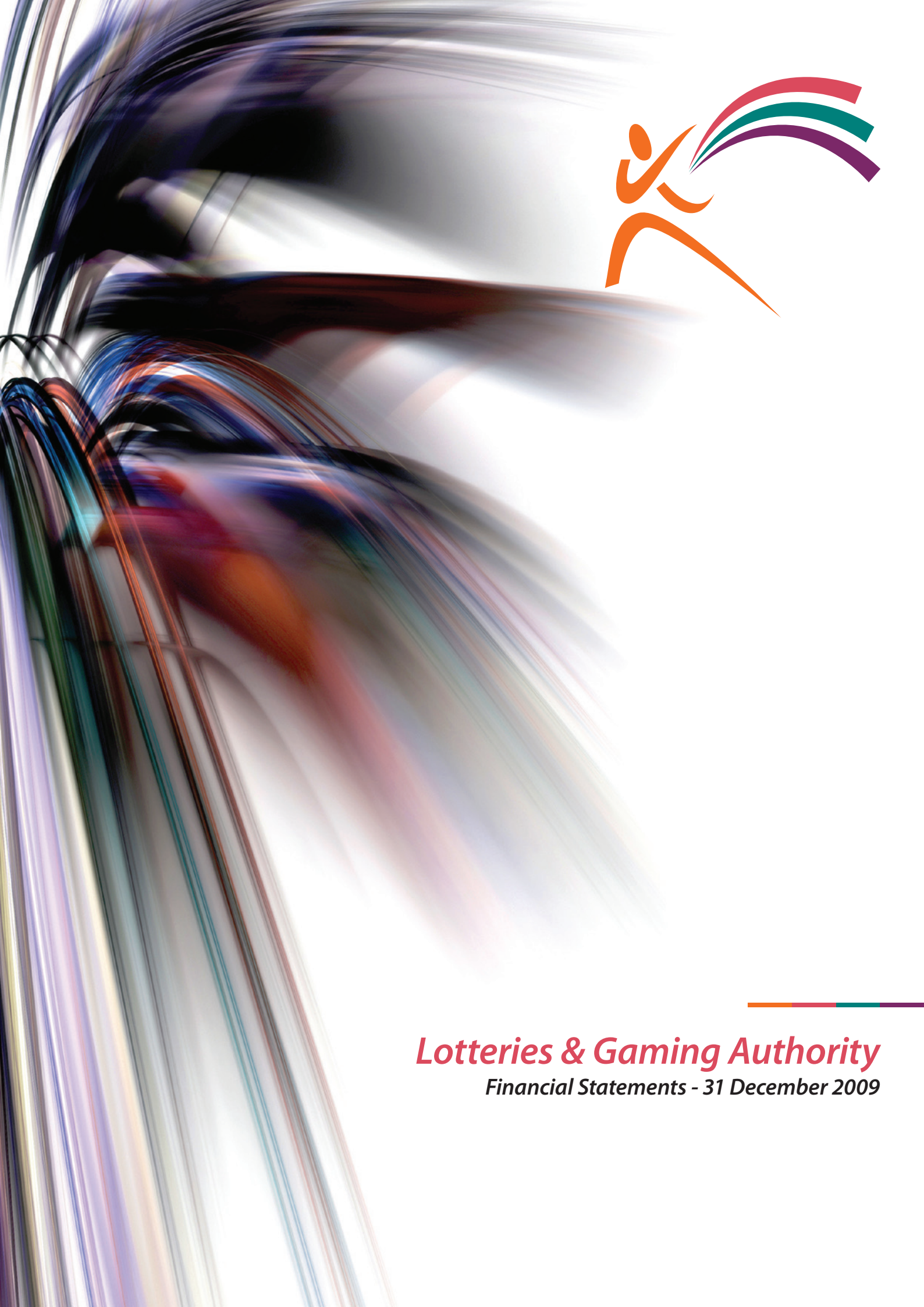

Lotteries & Gaming Authority

Financial Statements - 31 December 2009

Lotteries & Gaming Authority

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GENERAL INFORMATION

Registration

The Lotteries and Gaming Authority (the 'Authority') was established by virtue of the Lotteries and Other Games Act, Cap.438.

Board Members of the Authority

Mr. Nicholas Xuereb
Dr. Stanley Portelli LL.D.
Mr. Jesmond Pace
Dr. Roberta Fenech Gauci
Dr. Pauline Debono

Secretary of the Board of the Authority

Dr. Natasha Galea Sciberras (appointed on 1 January 2009)

Head Office

Lotteries and Gaming Authority
Suite 1, Level 3
TG Complex
Brewery Street
Birkirkara BKR3000

Auditors

Ernst & Young
Certified Public Accountants
Regional Business Centre
Achille Ferris Street
Msida MSD 1751
MALTA

REPORT OF THE BOARD MEMBERS OF THE AUTHORITY

The Board Members of the Authority submit their annual report and the audited financial statements for the year ended 31 December 2009.

Principal activity

The Lotteries and Gaming Authority was established by virtue of the Lotteries and Other Games Act, Cap.438 for the purposes of carrying out the functions defined in the said Act.

Results

The total operating revenue generated by the Authority during the year amounted to EUR43,780,569 (2008: EUR39,658,403) out of which EUR40,519,417 (2008: EUR36,961,975) was transferred to the Government of Malta. After deducting all expenditure of EUR2,433,892 (2008: EUR2,128,003) the Authority registered a surplus for the year of EUR41,357,229 (2008: EUR37,599,700).

Board Members of the Authority

The Board Members of the Authority who served during the year under review are listed on page 2.

In accordance with Part IV, section 9 (2) of the Lotteries and Other Games Act, Cap.438, the Chairman and other board members of the Authority are appointed by the Finance Minister for a maximum period of three years but may be reappointed on the expiration of their term of office.

Auditors

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

The report of the Board Members of the Authority is signed on their behalf by:

NICHOLAS XUEREB
Chairman

JESMOND PACE
Board member

7 May 2010

Ernst & Young
Regional Business Centre
Achille Ferris Street
Msida, MSD 1751 Malta

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Fax: +356 2133 0280
E-mail: ey.malta@mt.ey.com
www.ey.com

INDEPENDENT AUDITOR'S REPORT TO THE BOARD MEMBERS OF THE LOTTERIES AND GAMING AUTHORITY

We have audited the accompanying financial statements of the Lotteries and Gaming Authority ('the Authority'), set on pages 5 to 18, which comprise the statement of financial position as at 31 December 2009 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board Members' Responsibility for the Financial Statements

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by EU and the Lotteries and Other Games Act, Cap.438 of the Laws of Malta. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the 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 auditors' judgement, 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 internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, 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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Authority as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU and have been properly prepared in accordance with the Lotteries and Other Games Act, Cap.438 of the Laws of Malta.

This copy of the audit report has been signed by Anthony Doublet for and on behalf of

Ernst & Young
Certified Public Accountants

7 May 2010

A member firm of Ernst & Young Global Limited
Certified Public Accountants
Partners: Mario P. Galea, Ronald Attard,
Emanuel Azzoppardi, Anthony Doublet,
Christopher J.Naudi

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2009

	Notes	2009 EUR	2008 EUR
Revenue	5	43,780,569	39,658,403
Administrative and other expenses	6	(2,433,892)	(2,128,003)
Operating surplus		41,346,677	37,530,400
Finance income	8	10,552	69,300
Surplus for the year		41,357,229	37,599,700

The accounting policies and explanatory notes on pages 9 to 18 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2009

	Notes	2009 EUR	2008 EUR
ASSETS			
Non-current assets			
Property, plant and equipment	10	**330,685**	286,509
Current assets			
Trade and other receivables	11	**4,171,546**	3,590,085
Cash and short-term deposits	14	**341,927**	950,879
		4,513,473	4,540,964
TOTAL ASSETS		**4,844,158**	4,827,473
EQUITY AND LIABILITIES			
Equity			
Reserve fund		**-**	-
National Lottery reserve fund	13	**-**	-
		-	-
Current liabilities			
Trade and other payables	12	**4,844,158**	4,827,473
TOTAL EQUITY AND LIABILITIES		**4,844,158**	4,827,473

The accounting policies and explanatory notes on pages 9 to 18 form an integral part of the financial statements.

The financial statements on pages 5 to 18 have been authorised for issue by the Board Members of the Authority on 7 May 2010 and were signed on their behalf by:

NICHOLAS XUEREB
Chairman

JESMOND PACE
Board member

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2009

	National lottery reserve fund EUR	Reserve fund EUR	Total EUR
At 1 January 2008			
Appropriation from statement of comprehensive income	925,110	36,674,590	37,599,700
Unclaimed prizes transferred in terms of section 54 of the Lotteries and Other Games Act, Cap.438	991,812	-	991,812
Payments made to Government in terms of sections 50 and 59 of the Lotteries and Other Games Act, Cap.438	(1,916,922)	(36,961,975)	(38,878,897)
Surplus payment made to government	-	287,385	287,385
At 31 December 2008	**-**	**-**	**-**
At 1 January 2009			
Appropriation from statement of comprehensive income	1,018,158	40,339,071	41,357,229
Unclaimed prizes transferred in terms of section 54 of the Lotteries and Other Games Act, Cap.438	816,047	-	816,047
Payments made to Government in terms of sections 50 and 59 of the Lotteries and Other Games Act, Cap.438	(1,834,205)	(40,519,417)	(42,353,622)
Surplus payment made to government	-	180,346	180,346
At 31 December 2009	**-**	**-**	**-**

The accounting policies and explanatory notes on pages 9 to 18 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2009

	Note	2009 EUR	2008 EUR
Operating activities			
Surplus for the year		**41,357,229**	37,599,700
Adjustment to reconcile surplus for the year to net cash flows			
Non-cash:			
Loss on disposal of property, plant and equipment		**50,772**	3,725
Depreciation of property, plant and equipment		**120,906**	105,132
Finance income		**(10,552)**	(69,300)
Working capital adjustments:			
(Increase)/decrease in trade and other receivables		**(581,461)**	168,087
Increase in trade and other payables		**16,683**	430,385
Net cash flows from operating activities		**40,953,577**	38,237,727
Investing activities			
Purchase of property, plant and equipment		**(215,851)**	(112,306)
Interest received		**10,552**	69,417
Net cash flows used in investing activities		**(205,299)**	(42,889)
Financing activities			
Payments made to government		**(41,357,230)**	(37,887,085)
Net (decrease)/increase in cash and cash equivalents		**(608,952)**	307,755
Cash and cash equivalents at 1 January		**950,879**	643,124
Cash and cash equivalents at 31 December	14	**341,927**	950,879

The accounting policies and explanatory notes on pages 9 to 18 an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Lotteries and Gaming Authority ('the Authority') is a Government Authority established by virtue of the Lotteries and Other Games Act, Cap.438 of the Laws of Malta. The principal activity of the Authority is to regulate lotteries and other gaming activities in Malta.

2.1 BASIS OF PREPARATION

These financial statements have been prepared on a historical cost basis and are presented in Euro.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by EU and comply with the Lotteries and Other Games Act, Cap.438 of the Laws of Malta.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Authority has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2009:

- IFRS 1 ***First-time Adoption of International Financial Reporting Standards (Amended)*** and IAS 27 ***Consolidated and Separate Financial Statements (Amended)*** effective 1 January 2009
- IFRS 2 ***Share-based Payment: Vesting Conditions and Cancellations (Amended)*** effective 1 January 2009
- IFRS 7 ***Financial Instruments: Disclosures (Amended)*** effective 1 January 2009
- IFRS 8 ***Operating Segments effective*** 1 January 2009
- IAS 1 ***Presentation of Financial Statements (Revised)*** effective 1 January 2009
- IAS 23 ***Borrowing Costs (Revised)*** effective 1 January 2009
- IAS 32 ***Financial Instruments: Presentation (Amended)*** and IAS 1 ***Puttable Financial Instruments and Obligations Arising on Liquidation (Amended)*** effective 1 January 2009
- IFRIC 9 ***Remeasurement of Embedded Derivatives (Amended)*** and IAS 39 ***Financial Instruments: Recognition and Measurement (Amended)*** effective for periods ending on or after 30 June 2009
- IFRIC 13 ***Customer Loyalty Programmes*** effective 1 July 2008
- IFRIC 15 ***Agreements for the Construction of Real Estate*** effective 1 January 2009
- IFRIC 16 ***Hedges of a Net Investment in a Foreign Operation*** effective 1 October 2008
- IFRIC 18 ***Transfers of Assets from Customers*** effective 1 July 2009
- First omnibus of amendments to standards issued by the IASB in May 2008. The effective dates of these improvements are vari

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES - continued

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Authority, its impact is described below:

- **IAS 1 Presentation of Financial Statements (Revised)**
  The revised standard requires that the statement of changes in equity includes only transactions with shareholders; introduces a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with "other comprehensive income" (either in one single statement or in two linked statements); and requires the inclusion of a third column on the statement of financial position to present the effect of restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period. The Authority made the necessary changes to the presentation of its financial statements in 2009 and has elected to present a single statement for the statement of comprehensive income.

Standards, interpretations and amendments to published standards that are not yet effective

Up to the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which have not been adopted early. None of these standards, interpretations and amendments are expected to have an impact on the financial position or performance of the Authority. These are as follows:

- IFRS 1 *Additional Exemptions for First-time Adopters (Amended)*. This interpretation has not yet been adopted by the EU.
- IFRS 1 Amendments – Limited exemption from comparative IFRS 7 disclosure for first-time adopters. This interpretation has not yet been adopted by the EU.
- IFRS 2 *Group Cash-settled Share-based Payment Transactions (Amended).*
- IFRS 3 *Business Combinations (Revised)* and IAS 27 *Consolidated and Separate Financial Statements (Amended).*
- IFRS 9 *Financial Instruments - Phase 1 financial assets, classification and measurement*. This standard has not yet been adopted by the EU.
- IAS 24 *Related Party Disclosures (Revised* - This interpretation has not yet been adopted by the EU.
- IAS 32 *Classifications on Rights Issues (Amended).*
- IAS 39 *Financial Instruments: Recognition and Measurement (Amended)* - eligible hedged items
- IFRIC 14 *Prepayments of a Minimum Funding Requirement (Amended)*. This amendment has not yet been adopted by the EU.
- IFRIC 17 *Distributions of Non-Cash Assets to Owners*.
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments.* This interpretation has not yet been adopted by the EU.
- In April 2009 the IASB issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning 1 July 2009.
- In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning 1 July 2010. This annual improvements project has not yet been adopted by the EU.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Revenue recognition

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

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

Application fees
Revenue is recognised upon receipt of a valid application form.

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

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

Trade and other receivables

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

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

Cash and cash equivalents

Cash in hand and at banks and term deposits which are held to maturity are carried at cost.

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the Statement of cash flows, cash and cash equivalents consist of cash in hand and deposits at banks, net of outstanding bank overdrafts.

Trade and other payables

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

Amounts due to related parties are carried at cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment

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

Improvements to leased premises	over the remaining term of the lease
Furniture and fittings	10%
Office equipment	16.67-25%
Motor vehicles	20%
Computer equipment	25%

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

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a) there is a change in contractual terms, other than a renewal or extension of the arrangement;

b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

c) there is a change in the determination of whether fulfilment is dependant on a specified asset; or

d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a), c) or d) and at the date of renewal of extension period for scenario b).

For arrangements entered prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Finance leases, which transfer to the Authority substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the statement of comprehensive income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Authority will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

In the opinion of the Board, the accounting estimates, assumptions and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised)-'Presentation of financial statements'.

5. REVENUE

Revenue represents the following:

	2009	2008
	EUR	EUR
Licence fees	**1,257,829**	1,084,147
Duties	**41,869,568**	37,928,328
Application fees	**371,071**	352,895
Other	**282,101**	293,033
	43,780,569	39,658,403

6. EXPENSES BY NATURE

	2009	2008
	EUR	EUR
Auditor's remuneration	**6,490**	6,490
Chairman's emoluments and Board honoraria	**28,757**	28,186
Staff costs (note 7)	**1,247,064**	1,085,166
General administrative expenses	**488,551**	417,784
Professional fees	**249,598**	88,364
Promotional expenses (note i)	**292,526**	396,881
Depreciation on property, plant and equipment (note 10)	**120,906**	105,132
Total administrative and other expenses (Statement I)	**2,433,892**	2,128,003

i. Promotional expenses are stated net of amounts recovered of EUR53,100 (2008: EUR43,610) from third parties in respect of participation in promotional activities.

7. EMPLOYEE INFORMATION

a. Staff costs

The total employment costs were as follows:

	2009 EUR	2008 EUR
Salaries and social security costs	**1,233,703**	1,077,405
Fringe benefits	**13,361**	7,761
	1,247,064	1,085,166

b. Staff numbers

The average number of persons employed by the Authority during the year was as follows:

	2009 Number	2008 Number
HR and administrative	**16**	14
Information analysis	**2**	2
Legal and enforcement	**13**	12
Compliance	**8**	5
Inspectorate	**15**	14
Total	**54**	47

8. FINANCE INCOME

	2009 EUR	2008 EUR
Bank interest receivable	**10,552**	69,300

9. TAXATION

No provision for Malta income tax has been made in these financial statements as the Authority's income is exempt from any liability to income tax.

10. PROPERTY, PLANT AND EQUIPMENT

	Improvements to leased premises EUR	Furniture* and fittings EUR	Office equipment EUR	Plant and machinery EUR	Motor vehicles EUR	Computer equipment EUR	Total EUR
Cost							
At 1 January 2008	62,709	83,410	48,450	-	104,472	192,531	491,572
Additions	-	3,203	21,715	3,089	41,720	42,576	112,303
Disposals	-	-	(231)	-	(17,470)	-	(17,701)
At 31 December 2008	62,709	86,613	69,934	3,089	128,722	235,107	586,174
Additions	-	165,563	2,019	-	-	48,269	215,851
Write off	(62,709)	-	-	-	-	-	(62,709)
At 31 December 2009	**-**	**252,176**	**71,953**	**3,089**	**128,722**	**283,376**	**739,316**
Depreciation							
At 1 January 2008	7,321	16,541	30,465	-	69,711	84,468	208,506
Depreciation charge for the year	4,616	8,662	11,862	515	25,744	53,733	105,132
Disposals	-	-	-	-	(13,976)	-	(13,976)
At 31 December 2008	11,937	25,203	42,327	515	81,479	138,201	299,662
Depreciation charge for the year	-	20,818	21,753	515	15,351	62,473	120,905
Depreciation released in write off	(11,937)	-	-	-	-	-	(11,937)
At 31 December 2009	**-**	**46,019**	**64,077**	**1,030**	**96,830**	**200,675**	**408,631**
Net book value At 31 December 2009	**-**	**206,157**	**7,874**	**2,059**	**31,892**	**82,702**	**330,685**
At 31 December 2008	50,772	61,411	27,603	2,574	47,243	96,906	286,509

* Subsequent to year-end, furniture and fittings amounting to EUR24,000 were transferred to the Ministry of Finance for no consideration.

11. TRADE AND OTHER RECEIVABLES (current)

	2009 EUR	2008 EUR
Duties and licences receivable (note i)	**4,154,421**	3,501,570
Prepaid expenses	**17,125**	88,515
	4,171,546	3,590,085

11. TRADE AND OTHER RECEIVABLES (current) - continued

i. As at the balance sheet date, the ageing analysis of duties and licences receivable is as follows:

	Total	Neither past due nor impaired	<30 days	30-60 days	60-90 days	90 days
	EUR	EUR	EUR	EUR	EUR	EUR
2009	**4,154,421**	**3,224,142**	**185,107**	**79,353**	**6,587**	**659,232**
2008	3,501,570	2,923,339	187,374	40,553	38,439	311,865

No provision for impairment of receivables was deemed necessary as at 31 December 2009 and 2008.

12. TRADE AND OTHER PAYABLES (current)

	2009	2008
	EUR	EUR
Amounts due to government (note i)	**3,687,116**	3,867,460
Other creditors	**250,792**	267,475
Accruals	**45,154**	24,658
Deferred income	**861,096**	667,880
	4,844,158	4,827,473

i. Amounts due to government are unsecured, interest free and have no fixed date of repayment. These amounts are payable the Government of Malta under the provisions of the Lotteries and Other Games Act, Cap. 438 of the Laws of Malta.

13. NATIONAL LOTTERY RESERVE FUND

By virtue of section 59 (1) of the Lotteries and Other Games Act, Cap.438 of the Laws of Malta, the National Lottery Licensee is to pay funds standing in its Unclaimed Prizes Reserve to the Authority. All funds received are to be credited to the National Lottery Reserve Fund. In accordance with section 50 (6) of the same Act, all funds credited to the latter reserve shall be paid, not later than six weeks after the financial year end, to the National Lotteries Good Causes Fund held by the Treasury Department.

14. CASH AND SHORT-TERM DEPOSITS

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

	2009	2008
	EUR	EUR
Cash at bank and in hand	**341,927**	950,879

15. COMMITMENTS

Up to 31 January 2010 the Authority was operating from leased premises situated in Ta' Xbiex. The future minimum rentals payable, including VAT, under this operating lease as at 31 December 2008, was as follows:

	2008
	EUR
Within 1 year	**92,651**
After 1 year but not more than five years	**7,721**
After 5 years	**-**
	100,372

This lease was terminated on 31 January 2010. The Authority is now operating from leased premises situated in Birkirkara. It has a memorandum of understanding with the new lessor. Up to the date of approval of these financial statements, no lease agreement has been signed.

16. RELATED PARTY DISCLOSURES

Related party	**Year**	**Total transactions with related parties EUR**	**Amounts owed to related parties at year end EUR**	**Type of transaction**
Government of Malta - The Treasury	**2009**	**41,357,228**	**3,687,116**	**Surplus for the year**
Government of Malta - The Treasury	2008	37,599,700	3,867,460	Surplus for the year

Key management personnel
The Chairman and the Board members are considered to be key management personnel. Included in 'Administrative and other expenses' (note 6) are salaries paid to the Chairman and Board members amounting to EUR28,757 (2008: EUR28,186).

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Contractual maturity profile of financial liabilities
The presentation of the financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

The maturity profile of the financial liabilities of the Authority as at year end is as disclosed in note 12.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Credit risk

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

Liquidity risk

The Authority applies prudent liquidity risk management which implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Fair values

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

Interest rate risk

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

Lotteries & Gaming Authority
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