

BlueSky Community Trust Limited
Financial Statements
For the year ended 31 July 2015

BlueSky Community Trust Limited
Financial Statements
For the year ended 31 July 2015

Contents	Page
Independent Auditor's Report	1
Company Directory	3
Statement of Responsibility	4
Statement of Financial Performance	5
Statement of Movement in Funds	7
Statement of Financial Position	8
Notes to the Accounts	9

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BlueSky Community Trust Limited

Report on the Financial Statements

We have audited the financial statements of BlueSky Community Trust Limited on page 5 to 15, which comprise the statement of financial position as at 31 July 2015, and the statement of financial performance and statement of movements in funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Director's Responsibility for the Financial Statements

The trustees are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

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 (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's 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 entity's preparation of financial statements that give a true and fair view of the matters to which they relate 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the 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.

Other than in our capacity as auditor we have no relationship with, or interest in, BlueSky Community Trust Limited.

CST Nexia Audit

Level 3, Nexia Centre, 22 Amersham Way,
PO Box 76 261, Manukau City 2241, Auckland, New Zealand.
p +64 9 262 2595, f +64 9 262 2606
team@nexianz.co.nz, www.nexianz.co.nz

Independent member of Nexia International



INDEPENDENT AUDITOR'S REPORT Continued

Matter of Emphasis

The Company will apply to the Department of Internal Affairs for renewal of the licence in the normal manner. The financial statements have been prepared on a going concern assumption. This assumes that the application to the Department of Internal Affairs for the renewal of the Class 4 Operator's and Venue licence will be renewed to enable the Company to continue operation. The Directors are confident these licences will be renewed. The financial statements do not include any adjustments that would result should the Department of Internal Affairs not renew the Trusts Class 4 Operator's and Venue licence.

Opinion

In our opinion, the financial statements on pages 5 to 15:

- Comply with generally accepted accounting practice in New Zealand;
- Give a true and fair view of the financial position of BlueSky Community Trust Limited as at 31 July 2015 and its financial performance for the year ended on that date.

CST Nexia Audit
CST Nexia Audit
Chartered Accountants
Manukau City

06 October 2015

BlueSky Community Trust Limited
Company Directory
As at 31st July 2015



Registered Office	9a Ranui Road Remuera Auckland		
Directors	Rong Lin Xiaolan Lu Chaowen Wu Dandan Zhang		
Company Number	3412831		
Auditors	CST Nexia Audit 22 Amersham Way Manukau		
Accountants	NDCA Limited 301R Botany Road Botany Auckland		
Bankers	ASB Bank Limited		
Solicitors	Harkness Henry Hamilton		
Date of Incorporation	7 June 2011		
Nature of Business	Gaming machine operator		
Shareholders	Chaowen Wu Xiaolan Lu	90 10 <u>100</u>	Ordinary Shares Ordinary Shares

BlueSky Community Trust Limited
Financial Statements
For the year ended 31 July 2015



Statement of Responsibility

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The independent external auditors, CST Nexia Audit, have audited the financial statements and their report appears on pages 1-2.

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute, assurance as to the reliability and integrity of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. Appropriate systems of internal control have been employed to ensure that all transactions are executed in accordance with authority and are correctly processed and accounted for in the financial records. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements are prepared on a going concern basis. Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern in the foreseeable future.

In the opinion of the Directors:

- the statement of financial performance is drawn up so as to give a true and fair view of the financial results of BlueSky Community Trust Limited for the financial year ended 31 July 2015;
- the statement of financial position is drawn up so as to give a true and fair view of the financial position of BlueSky Community Trust Limited as at 31 July 2015;
- there are reasonable grounds to believe that BlueSky Community Trust Limited will be able to pay its debts as and when they fall due.

For and on behalf of the BlueSky Community Trust Limited Board

Director

Director

Date:

6 / 10 / 2015

Note: This Statement is to be read in conjunction with the accompanying Notes and the Accountant's Disclaimer

BlueSky Community Trust Limited
Statement of Financial Performance
For the year ended 31 July 2015



	<i>Note</i>	2015 \$	2014 \$
REVENUE			
Interest Received		1,539	3,776
Gaming Profits		5,175,217	4,334,487
Gain on Sale of Assets		-	40,031
Other Revenue		9,293	-
Total Income		5,186,049	4,378,294
Less Expenses			
Accountancy Fees		26,559	24,825
Advertising		4,079	3,178
Audit Fees		10,000	8,000
Bank Charges		5,987	-
Electronic Monitoring Fees		42,244	34,032
Finance charges		2,115	4,130
Gaming analysis audits		5,250	3,125
Gaming Machines Repairs & Maintenance		77,944	64,720
Gaming machine duty & Problem gambling levy		1,268,266	1,062,229
General expenses		5,455	3,228
Insurance		47,932	41,354
Interest		91,164	107,634
Legal Expenses		15,918	23,799
Licences & Registrations		51,818	44,731
Management Fees		238,445	194,744
Printing, Stamps & Stationery		2,706	2,863
Repairs & Maintenance		11,216	9,451
Site rental		771,907	656,604
Staff Training		6,067	1,422
Subscriptions		7,223	10,650
Telephone, Tolls & Internet		4,628	4,063
Travel & Accommodation		2,821	1,652
Honoraria	8	31,200	31,200
Total Expenses		2,730,944	2,337,634
Net Surplus Before Depreciation, Tax & Distributions		2,455,105	2,040,660
Less Depreciation Adjustments			
Depreciation as per Schedule		470,093	389,211
Depreciation - Loss on Sale		2,667	594
Net Depreciation Adjustment		472,760	389,805
Net Surplus Before Distributions & Tax		1,982,345	1,650,855
Distributions			
Grant Payments	4	1,978,672	1,635,847
Net Surplus Before Tax Expense		3,673	15,008

NOTE: This Statement is to be read in conjunction with the Auditors Report and Notes to the Financial Statements.

BlueSky Community Trust Limited
Statement of Financial Performance
For the year ended 31 July 2015



	<i>Note</i>	<i>2015</i> \$	<i>2014</i> \$
Less Tax Provision	3	431	1,057
NET SURPLUS/(DEFICIT)		<u><u>\$3,242</u></u>	<u><u>\$13,951</u></u>

NOTE: This Statement is to be read in conjunction with the Auditors Report and Notes to the Financial Statements.

BlueSky Community Trust Limited
Statement of Movements in Funds
For the year ended 31 July 2015



	<i>2015</i>	<i>2014</i>
	\$	\$
EQUITY AT START OF YEAR	8,683	(5,268)
TRADING SURPLUS/(DEFICIT)		
Net Surplus After Tax for the Year	3,242	13,951
EQUITY AT END OF YEAR	<u>\$11,925</u>	<u>\$8,683</u>

NOTE: This Statement is to be read in conjunction with the Auditors Report and Notes to the Financial Statements.

BlueSky Community Trust Limited
Statement of Financial Position
As at 31st July 2015



	<i>Note</i>	2015 \$	2014 \$
CURRENT ASSETS			
ASB Bank - Cheque Account		128,698	61,574
ASB Bank - Savings account		4,865	72,530
Income Tax Receivable	3	77	189
Gaming Debtors		-	38,592
Venue Debtors		99,940	59,290
Payments in Advance		51,323	38,573
Total Current Assets		284,903	270,748
NON-CURRENT ASSETS			
Fixed Assets	5	768,999	741,798
TOTAL ASSETS		1,053,902	1,012,546
CURRENT LIABILITIES			
BNZ Bank - Current Account		55,332	-
GST Due for payment	1(c)	95,852	83,176
Accounts Payable		61,340	49,416
Accrued Expenses		166,695	128,466
Term Loans - Current Portion	6	345,653	415,649
Total Current Liabilities		724,872	676,707
NON-CURRENT LIABILITIES			
Term Loans	6	317,105	327,156
TOTAL LIABILITIES		1,041,977	1,003,863
NET ASSETS		\$11,925	\$8,683
Represented by;			
Retained Earnings		11,925	8,683
TOTAL FUNDS		\$11,925	\$8,683

For and on behalf of the BlueSky Community Trust Limited;

Director

Director

Date:

6/10/2015

NOTE: This Statement is to be read in conjunction with the Auditors Report and Notes to the Financial Statements.

BlueSky Community Trust Limited

Notes to the Financial Statements

For the year ended 31 July 2015



1. STATEMENT OF ACCOUNTING POLICIES

The BlueSky Community Trust Limited (the "Company") was incorporated on 07 June 2011 under the Companies Act 1993, and commenced trading from 28 February 2012.

These financial statements have been prepared in accordance with "Old GAAP" in New Zealand. Old GAAP comprises New Zealand Financial Reporting Standards and Statements of Standard Accounting Practice that existed prior to the introduction of New Zealand Equivalents to International Financial Reporting Standards. BlueSky Community Trust Limited has chosen to apply Old GAAP because it meets the criteria for doing so; that is, it was applying Old GAAP at 31 July 2011, and it is neither publicly accountable nor large as defined in the External Reporting Board's Standard A1: Application of Accounting Standards.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, BlueSky Community Trust Limited is classified as a Tier 2 reporting entity and will be required to apply Public Benefit Entities Standards Reduced Disclosure Regime (PBE Standards RDR). These standards have been developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for not for profit entities will be for reporting periods beginning on or after 1 April 2015. This means BlueSky Community Trust Limited will transition to the new standards in preparing its 31 July 2016 financial statements.

The Company qualifies for Differential Reporting exemptions as it has no public accountability, and is not large. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted except Goods and Services Tax, with which it has fully complied.

The financial statements have been prepared on a historical cost basis unless otherwise stated.

The financial statements are presented in New Zealand Dollars ("NZD"), which is the Company's functional currency and presentation currency. All values are rounded to the nearest dollar.

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

(a) **Changes in Accounting Policies**

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

(b) **Fixed Assets & Depreciation**

The entity has the following classes of fixed assets;

Gaming Machines & Equipment	3 Years	SL
Other Office Equipment, Furniture & Fittings	3 Years	SL

All fixed assets are initially recorded at cost less accumulated depreciation.

Depreciation has been calculated on a straight-line basis so as to expense the cost of the assets over the term of the venue agreements, presently three years in the case of all operative gaming venues, avoiding any residual risk to the Company.

NOTE: These Notes are to be read in conjunction with the Financial Statements.

BlueSky Community Trust Limited
Notes to the Financial Statements
For the year ended 31 July 2015



(c) **Goods & Services Tax**

The Statement of Financial Performance has been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of account receivables and payables.

(d) **Income Tax**

The Company is exempt from income tax under section CW 48 of the Income Tax Act 2007 in respect of gaming income. The Company is however, liable for tax on non-gaming income.

(e) **Operating Leases**

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term.

(f) **Finance Leases**

Leases under which the trust assumes substantially all the risks and rewards incidental to ownership, including hire purchase contracts, have been classified as finance leases and are capitalised. The asset and corresponding liability are recorded at inception of the lease at the fair value of the leased asset.

Finance charges are apportioned over the terms of the respective leases using the Rule of 78 method. Capitalised leased assets are depreciated over their expected lives in accordance with rates established for other similar Company assets.

(g) **Revenue**

Gaming revenue comprises the amounts received and receivable for gaming services supplied to customers in the ordinary course of business.

(h) **Grant Distributions**

The Company is obligated to comply with regulated minimum levels of payments to its approved community of grants for authorised purposes. Such donations are an expense to the Company and are recognised upon payment.

(i) **Gaming Duty**

The Company is required to deduct Gaming Machine Duty of 20% on proceeds including GST from gaming machines.

(j) **Problem Gambling Levy**

The Company is also required to deduct 1.31% of proceeds from gaming machines as a Problem Gambling Levy.

2. SECURITIES AND GUARANTEES

The bank overdraft is secured by a floating charge over the whole of the entity's undertakings, up to a maximum of 150,000. The interest rate at balance date was 8.75% p.a.

The balance as at 31st July 2015 was (\$55,332) (2014:\$0)

NOTE: These Notes are to be read in conjunction with the Financial Statements.

BlueSky Community Trust Limited
Notes to the Financial Statements
For the year ended 31 July 2015



3. TAXATION

	<i>Jul 2015</i>	<i>Jul 2014</i>
	\$	\$
Non-gaming Income (Interest)	1,539	3,776
Net taxable profit/loss	<u>1,539</u>	<u>3,776</u>
Taxation charge at 28%	431	1,057
Less		
RWT credits	(508)	(1,246)
Opening balance	(189)	-
Terminal tax paid/refund received	189	-
Tax Receivable	<u>(77)</u>	<u>(189)</u>

4. GRANT PAYMENTS

	<i>Jul 2015</i>	<i>Jul 2014</i>
	\$	\$
Various Donee Organisations	1,978,672	1,635,847
Total Grants Paid	<u>1,978,672</u>	<u>1,635,847</u>

5. FIXED ASSETS

	<i>Jul 2015</i>	<i>Jul 2014</i>
	\$	\$
Gaming Machines & Equipment		
At cost	1,844,812	1,362,781
Less Accumulated Depreciation	(1,076,485)	(623,376)
	<u>768,327</u>	<u>739,405</u>
Other Office Equipment, Furniture & Fixtures		
At cost	9,701	9,171
Less Accumulated Depreciation	(9,029)	(6,778)
	<u>672</u>	<u>2,393</u>
Total Fixed Assets	<u>\$768,999</u>	<u>\$741,798</u>
(Refer to Note 6)		

NOTE: These Notes are to be read in conjunction with the Financial Statements.

BlueSky Community Trust Limited
Notes to the Financial Statements
For the year ended 31 July 2015



6. TERM LIABILITIES

	<i>Jul 2015</i>	<i>Jul 2014</i>
	<i>\$</i>	<i>\$</i>
Mutual Credit Finance - Pacific Bar		
Advance	102,532	-
Interest	6,377	-
Payments	(108,909)	-
Non-Current Portion	-	-
Mutual Credit Finance - Strike		
Advance	114,305	-
Interest	5,160	-
Payments	(119,465)	-
Non-Current Portion	-	-
Jinsheng Rao - Cool Bar		
Opening Balance	-	78,202
Interest	-	5,795
Payments	-	(83,998)
Non-Current Portion	-	-
Jinsheng Rao - Pacific Bar		
Opening Balance	116,025	167,188
Interest	2,789	21,583
Payments	(118,814)	(72,746)
Total Outstanding	-	116,025
Current Portion due	-	59,358
Non-Current Portion	-	56,667
Mutual Credit Finance - Strike & Wairau		
Opening Balance	209,027	427,983
Interest	14,166	49,383
Payments	(223,193)	(268,339)
Total Outstanding	-	209,027
Current Portion due	-	209,027
Non-Current Portion	-	-
Mutual Credit Finance - Village Pakuranga		
Opening Balance	211,470	-
Advance	-	245,895
Interest	20,501	15,642
Payments	(231,972)	(50,067)
Total Outstanding	-	211,470
Current Portion due	-	76,186
Non-Current Portion	-	135,285

NOTE: These Notes are to be read in conjunction with the Financial Statements.

BlueSky Community Trust Limited
Notes to the Financial Statements
For the year ended 31 July 2015



Mutual Credit Finance - Village Patumahoe		
Opening Balance	87,316	-
Advance	-	101,530
Interest	8,465	6,459
Payments	(95,781)	(20,673)
Total Outstanding	<u>-</u>	<u>87,316</u>
Current Portion due	-	31,457
Non-Current Portion	<u>-</u>	<u>55,859</u>
Mutual Credit Finance - Buffet House		
Opening Balance	118,967	-
Advance	-	131,015
Interest	12,334	5,800
Payments	(131,301)	(17,848)
Total Outstanding	<u>-</u>	<u>118,967</u>
Current Portion due	-	39,621
Non-Current Portion	<u>-</u>	<u>79,345</u>
BNZ Term Loans		
Advance	755,000	-
Interest	16,440	-
Payments	(108,682)	-
Total Outstanding	<u>662,758</u>	<u>-</u>
Current Portion due	345,653	-
Non-Current Portion	<u>317,105</u>	<u>-</u>
Repayable as follows:		
Current Liability	345,653	415,649
Non Current Liability	<u>317,105</u>	<u>327,156</u>
Total	<u>662,758</u>	<u>742,805</u>

The term loans from BNZ are secured over gaming machines and associated equipment in note 5.

During the year the term loans from MCF were refinanced with BNZ. The term loan from Jinsheng Rao for Pacific Bar was fully repaid during the year.

The interest rate at balance date for all the loan balance is in the range of 8.49% and 8.61% p.a.

NOTE: These Notes are to be read in conjunction with the Financial Statements.

BlueSky Community Trust Limited
Notes to the Financial Statements
For the year ended 31 July 2015



7. COMMITMENTS

	<i>Jul 2015</i> \$	<i>Jul 2014</i> \$
Non cancellable operating lease commitments as follows:		
Wairau		
Current	-	56,126
Term	-	-
	<u>-</u>	<u>\$56,126</u>
Strike Manukau		
Current	-	133,294
Term	-	123,041
	<u>-</u>	<u>\$256,335</u>
Pacific Bar		
Current	-	159,924
Term	-	92,264
	<u>-</u>	<u>\$252,188</u>
Village Patumahoe		
Current	-	162,998
Term	-	166,132
	<u>-</u>	<u>\$329,130</u>
Village Pakuranga		
Current	-	177,258
Term	-	180,667
	<u>-</u>	<u>\$357,925</u>
Buffet House		
Current	-	6,130
Term	-	6,261
	<u>-</u>	<u>\$12,391</u>
Total		
Current	-	695,730
Term	-	568,365
	<u>-</u>	<u>\$1,264,095</u>

In 2015 ,the Trust began the process of installing cameras in three of the venues held. The total capital commitment on the installation project at year end is \$36,002 (2014 :Nil)

NOTE: These Notes are to be read in conjunction with the Financial Statements.

BlueSky Community Trust Limited
Notes to the Financial Statements
For the year ended 31 July 2015



8. RELATED PARTY TRANSACTIONS

There were no other material related party transactions during the period ended apart from the following:

The directors were paid a total of \$31,200 in honorarium (2014: \$31,200).

9. POST BALANCE DATE EVENTS

There are no material post balance date events, (2014: \$Nil).

10. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities. The Company has granted securities in respect of term loans as per Note 6.

11. COMPLIANCE

The regulations require undistributed net proceeds to be identified as due for distribution. The amount of equity that is undistributed net proceeds due for distribution is \$11,925. This amount has been distributed between 31 July 2015 and 1 September 2015. The company has complied with Regulation 11 of the Gambling (Class 4 Net Proceeds) Regulations 2004.

NOTE: These Notes are to be read in conjunction with the Financial Statements.