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**Blue Waters Community Trust**

**ANNUAL REPORT  
FOR THE YEAR ENDED 30 APRIL 2023**

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**ANNUAL REPORT**

**For the year ended 30 April 2023**

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**Blue Waters Community Trust**

**Directory**

**For the year ended 30 April 2023**

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**Registered office**

Mt Eden Bowling Club  
17 Stokes Road  
Mt Eden, Auckland

**Charity number**

1183127

**Nature of business**

The Blue Waters Community Trust generates funds for its Authorised Purpose by operating gaming machines in the greater Auckland region primarily to foster, encourage and safeguard the game of amateur bowls and other amateur sports in New Zealand where the game or sport is conducted for the benefit of the general public and the promotion of health or education.

**Trustees**

Allan Smith  
John Slater  
Ben Marris  
Murray Lander

**Independent auditor**

RSM Hayes Audit  
Level 1  
1, Broadway, Newmarket  
Auckland 2013

**Bankers**

ASB Bank Limited

**Solicitors**

True Legal, Auckland

## Blue Waters Community Trust

### **Trustees' Report and Statement of Responsibility** **For the year ended 30 April 2023**

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#### **Trustees' Report**

The Trustees of Blue Waters Community Trust ("The Trust") present this Annual Report, including the Financial Report (comprising Statement of Service Performance and Financial Statements).

#### **Statement of Responsibility**

The Trustees are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial report and related information.

The independent external auditors, RSM Hayes Audit, have audited the financial report and their report appears on pages 3 to 4.

The Trustees are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial report, 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 have been executed in accordance with authority and 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 Trustees 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 Trustees to indicate that the Trust will not remain a going concern in the foreseeable future. Please see Note 2(e) for further information.

Turning to the future, it is hoped and anticipated that gaming revenue will continue to perform at its current levels. The budget and forecast indicate that BCWT is on track to achieve 40% profitability and community returns during 2024.

In the opinion of the Trustees:

-The Statement of Service Performance is drawn up so as to present fairly in all material respects, the service performance information for the financial year ended 30 April 2023;

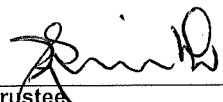
-The Statement of Comprehensive Revenue and Expense is drawn up so as to present fairly in all material respects, the financial result of the Trust for the financial year ended 30 April 2023;


- The Statement of Financial Position is drawn up so as to present fairly in all material respects, the financial position of the Trust as at 30 April 2023;

- The Statement of Cash Flows is drawn up so as to present fairly in all material respects, the cash flows of the Trust for the financial year ended 30 April 2023;

- There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.

For and on behalf of the Trustees:

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee

27-01-2023  
\_\_\_\_\_  
Date

28 July 2023  
\_\_\_\_\_  
Date

# Independent Auditor's Report

## To the Trustees of Blue Waters Community Trust

### Opinion

We have audited the general purpose financial report (hereinafter referred to as 'financial report') of Blue Waters Community Trust (the "Trust"), which comprises the financial statements on pages 7 to 20 and the statement of service performance on pages 5 to 6. The complete set of financial statements comprises the statement of financial position as at 30 April 2023, the statement of comprehensive revenue and expense, statement of changes in net assets/equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial report presents fairly, in all material respects:

- The financial position of the Trust as at 30 April 2023, and its financial performance, and its cash flows for the year then ended; and
- The service performance for the year ended 30 April 2023 in accordance with the entity's service performance criteria

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

### Basis for opinion

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the statement of service performance in accordance with the ISAs (NZ) and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information*. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We are independent of the Trust in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Trust.

### Other matter

The corresponding service performance information for the year ended 30 April 2022 is unaudited.

### Other information

The trustees are responsible for the other information. The other information comprises the directory and trustees' report and statement of responsibility on pages 1 and 2 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the trustees for the financial report**

The trustees are responsible, on behalf of the Trust, for:

- (a) The preparation and fair presentation of the financial statements and statement of service performance in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board;
- (b) Service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and
- (c) Such internal control as the trustees determine is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial report, the trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the service performance information, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this financial report.

A further description of the auditor's responsibilities for the audit of the financial report is located at the XRB's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-14/>

## **Who we report to**

This report is made solely to the trustees, as a body. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Blue Waters Community Trust and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**RSM Hayes Audit**  
Auckland

28 July 2023

## **Blue Waters Community Trust**

### **Statement of Service Performance For the year ended 30 April 2023**

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In preparing the Statement of Service Performance, measures related to successful grant recipients have been chosen as they best meet the desired community outcomes that The Trust has been created to fulfil. They fit within the framework of promoting healthy activity and proximity to The Trust's venue location. Due to funds restrictions The Trust cannot always fund all applications and those declined usually reflect entities outside of the local area or less of a link to the reasoning behind the original set up of The Trust.

#### **Why the entity exists:**

Blue Waters Community Trust (BWCT) was set up to provide financial support to community organisations including, but not limited to those with a focus on amateur bowls and other amateur sports, as well as educational, charitable, philanthropic and cultural organisations, with funds raised via gaming machines in bars/taverns.

BWCT currently operates machines at the Trident Tavern, 69 Selwyn Street in Onehunga. The company is keen to operate at more venues, if the addition(s) would be viable.

Gambling can be a harmful activity for some people and BWCT acknowledges its social responsibility in this regard, actively supporting and managing harm minimisation at venues. The Trust's venue operators are equally active in this area, enforcing the current persons excluded from gaming orders while monitoring gaming activity to identify potential problems and intervene where necessary.

#### **Outputs:**

During April 2023 Financial Year, applicants received 48.2% of GST exclusive Gaming Machine Profit (GMP), (2022: 39% of GST exclusive GMP).

	2023	2022
Number of Applications	112	96
Total Requested	\$1,467,570	\$821,162
Average	\$13,103	\$8,554
Number Approved	75	33
Total Paid	1,033,200	382,800
Total Refunded	779	9,678
Average	\$13,776	\$11,600

*\* 2022 Reduced by venue closures due to Covid-19 restrictions*

## **Blue Waters Community Trust**

### **Statement of Service Performance (continued)** **For the year ended 30 April 2023**

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All payments were for the direct or indirect benefit of the community, categorised as follows:

	2023	2022
Sport and Rec.	\$853,200	\$312,500
Health and Welfare	\$126,200	\$53,450
Arts and Culture	\$25,800	\$13,000
Educational	\$28,000	\$3,850

BWCT is subject to legislation and regulation that requires minimum returns to the community of 40% of GST-exclusive revenue. The Trust achieved the required community returns in 2023 48% (2022: 38%) and accounting profit 49.6% (2022: 37.5%). The required returns were not met in prior year due to Covid-19 restrictions.

#### **Other Information:**

##### **Funds Received**

Gross Gaming Machine Profit was \$2.14 m excluding GST in 2023, a 118.6% increase on \$981 k ex GST in 2022 - the latter was adversely affected by venue closures due to the pandemic.

##### **Funds Utilised**

The Trust's venues received \$309,850 ex GST (2022: \$141,680 ex GST) of gross revenue (14%), complying with regulations setting maximum payments to venues. Without a venue, BWCT would not exist and the Trust extends its sincere thanks and appreciation to the owners and staff of Trident Tavern.

The Trust minimises costs wherever possible, to maximise returns to the community. During 2023, the single largest (non-statutory) cost was Management Fees \$75,000 (2022: \$75,000), followed by Depreciation \$54,268 (including loss on disposal) (2022: \$58,043), Accounting Fees \$17,687 (2022: \$19,005) and Gaming Machine Repairs & Maintenance \$15,683 (2022: \$15,518).



**Blue Waters Community Trust****Statement of Comprehensive Revenue and Expense  
For the year ended 30 April 2023**

	<b>Notes</b>	<b>2023</b>	<b>2022</b>
		<b>\$</b>	<b>\$</b>
<b><i>Revenue from exchange transactions</i></b>	16		
Gaming machine income		2,144,497	980,832
Other operating revenue		4,286	10
<b>Total revenue</b>		<b>2,148,783</b>	<b>980,842</b>
<b><i>Expenses</i></b>			
Depreciation	10	54,268	54,508
Gaming machine duty & Problem gambling levy		518,819	234,389
Venue rental		309,850	141,680
Legal fees and consulting		83,187	75,000
Finance costs	12	-	-
Audit Fees		14,000	8,750
Other operating expenses	6	103,191	99,085
<b>Total expenses</b>		<b>1,083,315</b>	<b>613,412</b>
<b><i>Total surplus/(deficit) for the year</i></b>		<b>1,065,468</b>	<b>367,430</b>
Less: distributions		(1,032,421)	(373,122)
<b>Total comprehensive revenue and expense</b>		<b>33,047</b>	<b>(5,692)</b>

The above statement should be read in conjunction with the notes to the financial statements.

## **Blue Waters Community Trust**

### **Statement of Changes in Net Assets/Equity For the year ended 30 April 2023**

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	<b>Note</b>	<b>Accumulated Comprehensive Revenue and Expense</b>
		<b>\$</b>
Opening balance 1 May 2021		150,539
Surplus / (deficit) for the year		(5,692)
<b>Closing equity 30 April 2022</b>		<hr/> 144,847
Surplus / (deficit) for the year		33,047
<b>Closing equity 30 April 2023</b>		<hr/> <hr/> <b>177,894</b>

The above statement should be read in conjunction with the notes to the financial statements.

**Blue Waters Community Trust****Statement of Financial Position  
As at 30 April 2023**

	Notes	2023	2022
<b>Current assets</b>		\$	\$
Cash and cash equivalents	7	143,449	86,404
Receivables	8	56,018	40,183
		<u>199,467</u>	<u>126,587</u>
<b>Non-current assets</b>			
Property plant and equipment	10	126,701	104,693
		<u>126,701</u>	<u>104,693</u>
<b>Total Assets</b>		<u>326,168</u>	<u>231,280</u>
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	13	148,274	86,433
		<u>148,274</u>	<u>86,433</u>
<b>Total Liabilities</b>		<u>148,274</u>	<u>86,433</u>
<b>Total net assets</b>		<u>177,894</u>	<u>144,847</u>
<b>Equity</b>			
Accumulated comprehensive revenue and expense		177,894	144,847
<b>Total Equity</b>		<u>177,894</u>	<u>144,847</u>

The above statement should be read in conjunction with the notes to the financial statements.

**Blue Waters Community Trust****Statement of Cash Flows  
For the year ended 30 April 2023**

	Notes	2023	2022
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Receipts from non-exchange transactions		-	-
Receipts from exchange transactions		2,135,469	964,226
Interest received		4	10
<u>Payments</u>			
Payments to suppliers and employees		(985,901)	(553,211)
Distributions		(1,032,421)	(373,122)
Interest paid		-	-
Net GST		14,124	2,772
<b>Net cash flows from operating activities</b>		<b>131,275</b>	<b>40,675</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property plant and equipment		5,900	-
Purchase of property, plant and equipment		(80,130)	(34,487)
<b>Net cash flows from investing activities</b>		<b>(74,230)</b>	<b>(34,487)</b>
Net (decrease)/increase in cash and cash equivalents		57,045	6,188
Cash and cash equivalents at 1 May		86,404	80,216
<b>Cash and cash equivalents at 30 April</b>	<b>7</b>	<b>143,449</b>	<b>86,404</b>

The above statement should be read in conjunction with the notes to the financial statements.

## **Blue Waters Community Trust**

### **Accounting Policies to the financial statements For the year ended 30 April 2023**

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#### **1. REPORTING ENTITY**

Blue Waters Community Trust (the "Trust") is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act 2013. The Trust was incorporated in New Zealand on 21 December 2001 under the Charitable Trusts Act 1957 and commenced trading from 22 November 2004 upon the issue of its Class 4 Operator's Licence by the Department of Internal Affairs under the Gambling Act 2003.

The financial statements and the accompanying notes summarise the financial results of activities carried out by the Trust. The Trust is involved in operating gaming machines to support the wider communities around New Zealand.

#### **2. BASIS OF PREPARATION**

##### *a) Statement of compliance*

The financial statements comply with generally accepted accounting practice in New Zealand ("NZ GAAP"). The primary objective of the Trust is to apply all of its net proceeds as grants in the application of its Authorised Purpose as per the Gambling (class 4 net proceeds) Regulations 2004. As such the Trust is a public benefit entity for the purpose of complying with NZ GAAP. The financial statements of the Trust comply with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") and disclosure concessions have been applied. The Trust is eligible to report in accordance with PBE Standards RDR because it does not have public accountability and is not large. All reduced disclosure regime exemptions have been adopted.

The financial statements for the Trust are for the year ended 30 April 2023, and were approved by the Trustees on the date mentioned on page 2.

##### *b) Measurement basis*

The financial statements have been prepared on the historical cost basis.

##### *c) Functional and presentation currency*

The financial statements are presented in New Zealand Dollars (\$), which is the functional and presentation currency, rounded to the nearest dollar.

There has been no change in the functional currency of the Trust.

##### *d) Changes in accounting policy*

###### **Adoption of PBE IPSAS 41**

The Trust has adopted PBE IPSAS 41 Financial Instruments in the current financial year. This standard replaces the provisions of PBE IPSAS 29 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. In accordance with the transitional provisions in PBE IPSAS 41 comparative information for the 30 April 2022 period have not been restated. As a result, the comparative information provided continues to be accounted for in accordance with the Trust's previous accounting policies. There were no material changes in recognition or measurement required upon adoption of PBE IPSAS 41.

###### **Adoption of PBE FRS 48**

The Trust has adopted PBE FRS 48 Service Performance Reporting in the current financial year. In accordance with the provisions in PBE FRS 48 comparative information for 2022 has been included.

Other than these changes, all policies are consistent with prior year.

##### *e) Going Concern*

The financial statements have been prepared on a going concern basis, the validity of which depends on the Trust continuing to provide adequate operating revenue and cash flows from its gaming machines to cover the Trust's operating costs. It is the considered view of the Trustees that the gaming machines will continue to satisfy these requirements.

### **3. PRINCIPAL ACTIVITY**

The Trust's principal activity is the operation of gaming machines for the purpose of generating surplus revenue to be distributed in accordance with the objectives of the Trust. Under the terms and Constitution of the Trust, the grants paid are required to be used to support and encourage amateur games or sport conducted for the benefit of the general public as well as to assist and benefit any charitable, educational, cultural or philanthropic purpose or any other purposes that are beneficial to the public or a section of it.

All gaming machine grants paid by the Trust have been appropriately used for the Authorised Purpose.

### **4. SIGNIFICANT JUDGMENTS AND ESTIMATES**

The preparation of the Trust's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### *a) Judgements:*

In the process of applying the Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### *Classification of non-financial assets as cash generating assets or non-cash-generating assets*

For the purpose of assessing impairment indicators and impairment testing, the Trust classifies non-financial assets as either cash-generating or non-cash-generating assets. The Trust classifies a non-financial asset as a cash-generating asset if the primary objective of the asset is to generate commercial return. All other assets are classified as non-cash-generating assets.

The majority of property, plant and equipment held by the Trust is classified as cash-generating assets.

#### *b) Assumptions and estimation uncertainties*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Trust based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Trust. Such changes are reflected in the assumptions when they occur.

#### *Useful lives and residual values*

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of Trustees of the Trust
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

#### *Changes in accounting estimates*

There have been no changes in the accounting estimates for the current reporting period.

### **5. SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Trust and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

## **5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **a) Revenue (cont'd)**

#### **i) Revenue from exchange transactions**

##### Interest revenue

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest revenue is included in finance income in the statement of comprehensive revenue and expense.

##### Gaming machine revenue

Revenue shown in the statement of comprehensive revenue and expense comprises the amounts received and receivable for gaming services supplied to customers in the ordinary course of business. Revenue recognised in relation to the gaming proceeds is recognised on a daily basis.

Gaming profits represent the net win to the Trust from gaming activities, being the difference between the amounts wagered and amounts won by gaming patrons.

#### **ii) Revenue from non-exchange transactions**

The Trust did not receive any non-exchange revenue during the current financial period.

### **b) Finance income and finance costs**

Finance income comprises interest income on financial assets. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on financial liabilities.

### **c) Financial instruments**

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the financial instrument.

## **5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **c) Financial instruments (cont'd)**

The Trust derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Trust is recognised as a separate asset or liability.

The Trust derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Trust also derecognises financial assets and financial liabilities when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Trust classifies financial assets as financial assets at fair value through surplus or deficit or measured at amortised cost. The classification depends on the Trust's business model for managing the financial assets and the contractual terms of the cash flows.

#### *Financial assets at fair value through surplus or deficit*

Financial assets that do not meet the criteria for amortised cost are measured through surplus or deficit.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non current.

#### *Amortised cost*

The Trust classifies its financial assets at amortised cost only if both of the following criteria are met:

\*the asset is held within a business model with the objective of collecting the contractual cash flows, and

\*the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

These assets are subsequently measured at amortised cost using the effective interest method.

#### *Initial recognition*

At initial recognition, the Trust measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through surplus and deficit, transaction costs that are directly attributable to the acquisition of the asset. Transaction costs of financial assets carried at fair value through surplus and deficit are expensed in surplus or deficit.

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

#### *Amortised cost financial liabilities*

Financial liabilities classified as amortised cost are non-derivative financial liabilities that are not classified at fair value through surplus or deficit financial liabilities.

Financial liabilities classified at amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified at amortised cost comprise payables.



**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**d) Impairment of financial assets**

The Trust assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The Trust applies the simplified approach to providing for expected credit losses prescribed by PBE IPSAS 41, which permits the use of the lifetime expected losses for all trade receivables. Given the low risk of default on other financial assets, other expected credit losses have been assessed to be immaterial.

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectable were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet been identified.

**e) Property, plant and equipment**

**i) Recognition and measurement**

Items of property, plant and equipment are initially measured at cost, except those acquired through non exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised as surplus or deficit in the statement of comprehensive revenue and expense.

**ii) Subsequent expenditure**

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Trust. Ongoing repairs and maintenance is expensed as incurred.

**iii) Depreciation**

For property, plant and equipment, depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in statement of comprehensive revenue and expense on a diminishing value basis over the estimated useful life of the asset.

## **5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **e) Property, plant and equipment (cont'd)**

The estimated useful lives are:

Gaming machines & Equipment	8% - 50% DV
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Depreciation methods, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate.

### **f) Impairment of non-financial assets**

The carrying amounts of the Trust's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows (for cash-generating assets) or future remaining service potential (for non-cash-generating assets) are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in statement of comprehensive revenue and expense. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **g) Leases**

#### **i) Classification and treatment**

Leases in terms of which the Trust assumes substantially all the risks and rewards of ownership are classified as finance leases.

#### **Finance leases**

Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

### **h) Equity**

Equity is the community's interest in the Trust measured as the difference between total assets and total liabilities. Equity is made up of the following component:

#### ***Accumulated comprehensive revenue and expense***

Accumulated comprehensive revenue and expense is the Trust's accumulated surplus or deficit since the formation of the Trust adjusted for transfers to/from specific reserves.

**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**i) Income Tax**

The Trust is exempt from income tax in accordance with section CW48 of the (New Zealand) Income Tax Act 2007. The Act provides an exemption for gaming machine income of licensed operators provided all distributions are made in accordance with the Gambling Act 2003. Accordingly, all surpluses are distributed as grants in accordance with the Trust's Authorised Purpose statement as approved by Department of Internal Affairs.

**j) Goods and services tax**

All amounts are shown exclusive of goods and services tax (GST), except for receivables and payables that are stated inclusive of GST.

**k) Distributions to the Community & Retention of Net Surplus - Working Capital**

Distributions to the Community are recorded as an appropriation of the surplus for the year.

Net surplus generated by the Trust is to be paid out in accordance with the Gambling (Class 4 Net Proceeds) Regulations 2004. The regulation stipulates that all or nearly all net surplus must be distributed during the financial year and any remainder of net surplus within 3 months after the end of each of its financial years. In addition, the Trust is expected to generate net surplus equal to 40% of its GST exclusive gross receipts in each financial year.

For the current financial year the Trust has generated net surplus equal to 49.6% of its GST exclusive gross receipts (2022: 37.5%). All net surplus generated from last financial year has been distributed in the current year.

Payment requires approval by the Trustees that the recipient has requested the donation for an "authorised purpose" as defined by the Gambling Act 2003.

**Blue Waters Community Trust****Notes to the financial statements  
For the year ended 30 April 2023****6. OTHER OPERATING INCOME/EXPENSES**

	2023	2022
Operating expenses include the following:		
Losses on sale of fixed assets	2,235	3,535
Gaming machine maintenance	15,683	15,518
Servicing of equipment	3,518	4,409
Electronic monitoring system fees	12,384	8,594

**7. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include the following components:

**Current assets:**

Cash at bank	143,449	86,404
Total cash and cash equivalents in statement of cash flows	<u>143,449</u>	<u>86,404</u>

**8. RECEIVABLES**

Trade receivables from exchange transactions	48,870	33,467
Allowance for impairment	-	-
Net trade receivables from exchange transactions	<u>48,870</u>	<u>33,467</u>
Prepayments	<u>7,148</u>	<u>6,716</u>
	<u>56,018</u>	<u>40,183</u>

There are no amounts overdue nor impaired as at year end relating to trade receivables from exchange transactions.

## 9. RELATED PARTY TRANSACTIONS AND BALANCES

### Compensation of key management personnel

An honorarium was paid to Trustees of \$8,500 (2022: \$5,750) for services to the Net Proceeds Committee as well as their duties as Trustees.

## 10. PROPERTY, PLANT AND EQUIPMENT

	30-Apr-23			30-Apr-22		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Gaming machines & Equipment	448,504	321,803	126,701	420,218	315,525	104,693
	448,504	321,803	126,701	420,218	315,525	104,693

### Reconciliation of property, plant and equipment - April 2023

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Gaming machines & Equipment	104,693	80,130	3,854	54,268	126,701
	104,693	80,130	3,854	54,268	126,701

## 11. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

	2023	2022
<b>Financial assets</b>	\$	\$
<b>At amortised cost</b>		
Cash and cash equivalents	143,449	86,404
Receivables from exchange transactions (excl prepayments)	48,870	33,467
	192,319	119,871
<b>Financial liabilities</b>		
<b>At amortised cost</b>		
Trade and other creditors (excl GST & PAYE)	57,295	28,157
	57,295	28,157

## 12. FINANCE COSTS / INCOME

	2023	2022
<b>Finance income</b>		
Interest income from cash & cash receivables	6	10
<b>Finance expense</b>		
Interest on financial liabilities at amortised cost	-	-

**Blue Waters Community Trust****Notes to the financial statements  
For the year ended 30 April 2023****13. TRADE & OTHER PAYABLES - EXCHANGE TRANSACTIONS**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Accounts payable	20,548	8,549
Accruals	36,747	19,608
Duty payable	50,002	34,482
GST/PAYE payable	40,977	23,794
	<u>148,274</u>	<u>86,433</u>

**14. CAPITAL COMMITMENTS**

There are no capital commitments at the reporting date. (2022: \$Nil).

**15. CONTINGENT ASSETS AND LIABILITIES**

There are no contingent assets or liabilities at the reporting date. (2022: \$Nil).

**16. REVENUE****Revenue from exchange transactions**

Gaming machine income	2,144,497	980,832
Gain on asset sales	4,280	-
Interest received	6	10
	<u>2,148,783</u>	<u>980,842</u>

**Revenue from non-exchange transactions**

There was no revenue from non-exchange transactions during the financial period.

**17. EVENTS AFTER THE REPORTING DATE**

The Trustees are not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of the Trust (2022: Nil).