
Blue Waters Community Trust

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 April 2025**

Blue Waters Community Trust

**FINANCIAL REPORT
For the year ended 30 April 2025**

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Blue Waters Community Trust

Directory

For the year ended 30 April 2025

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	JSA Audit Limited Level 2 155 Parnell Road, Parnell Auckland 1052
Bankers	ASB Bank Limited
Solicitors	True Legal, Auckland

Blue Waters Community Trust

Trustees' Report and Statement of Responsibility
For the year ended 30 April 2025

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, JSA Audit, have audited the financial report and their report appears on pages 3 to 5.

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.

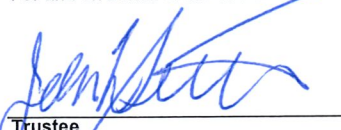
Appropriate systems of internal control have been employed to ensure that all transactions have been executed in accordance with authority and correctly processed and accounted for in the financial records. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation 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 basis other than going concern. Please see Note 2(e) for further information.

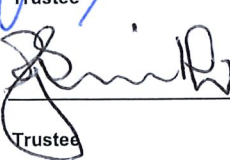
In the opinion of the Trustees:

- 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 2025;
- 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 2025;
- 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 2025;
- 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 2025;

For and on behalf of the Trustees:



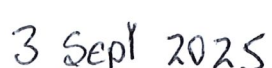
Trustee



Trustee



Date



Date

INDEPENDENT AUDITOR 'S REPORT

To the Trustees of Blue Waters Community Trust

Opinion

We have audited the general purpose financial report of Blue Waters Community Trust (the Trust), which comprise the financial statements on pages 8 to 21 and the statement of service performance on pages 6 to 7. The complete set of financial statements comprise the statement of financial position as at 30 April 2025, 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 general purpose financial report presents fairly, in all material respects:

- the financial position of the Trust as at 30 April 2025, and its financial performance and its cash flows for the year then ended;
- the service performance for the year ended 30 April 2025 in that the service performance information is appropriate and meaningful and prepared in accordance with the Trust's measurement bases or evaluation methods

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 service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard (NZ AS) 1 (Revised) *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 entity 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, Blue Waters Community Trust.

Emphasis of Matter - Going Concern

We draw attention to Note 2e in the general-purpose financial report, which describes that the going concern basis of preparing the financial statements has not been used and indicates that the Trust has ceased operations following the closure of its only remaining gaming site. This has required the Trust to surrender its Class 4 Gaming Operators Licence, sell all remaining assets in accordance with the Department of Internal Affairs' cessation requirements, and distribute all remaining cash as grants. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of Blue Waters Community Trust for the year ended 30 April 2024 was audited by another auditor, who expressed an unqualified opinion on those statements on 24 July 2024.

Information Other than the general purpose financial report and Auditor's Report thereon

The Trustees are responsible for the other information. The other information comprises the information included in the Directory and Trustees' Report and Statement of Responsibility on pages 1 to 2, but does not include the financial statements and our auditor's report thereon.

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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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.

Trustees' Responsibilities for the General Purpose 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) The selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present service performance information that is appropriate and meaningful in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board;
- (c) The preparation and fair presentation of service performance information in accordance with the entity's measurement bases or evaluation methods, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board;
- (d) The overall presentation, structure and content of the service performance information in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board; and
- (e) such internal control as the Trustees determine is necessary to enable the preparation of financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose 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 General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the statement of service performance 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 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this general purpose financial report.

As part of an audit in accordance with ISAs (NZ) and NZ AS 1 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the service performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to audit of the financial statements and the service performance information 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management and those charged with governance.
- Obtain an understanding of the process applied by the entity to select its elements/aspects of service performance, performance measures and/or descriptions and the measurement bases or evaluation methods.
- Evaluate whether the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods present an appropriate and meaningful assessment of the entity's service performance in accordance with Public Benefit Entity Standards.
- Evaluate whether the service performance information is prepared in accordance with the entity's measurement bases or evaluation methods, in accordance with Public Benefit Entity Standards.
- Conclude on the appropriateness of the use of the going concern basis of accounting by those charged with governance, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the general purpose financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report and whether the financial report represents the underlying transactions and events, and elements/aspects of service performance in accordance with the applicable financial reporting framework, in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on Use

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 that we require 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 the Trustees as a body, for our audit work, for this report, or for the opinions we have formed

JSA AUDIT LTD

**JSA Audit Limited
Parnell, Auckland
04 September 2025**

Blue Waters Community Trust

Statement of Service Performance

For the year ended 30 April 2025

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.

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 does not currently conduct any gaming machine activity as its Class 4 Operator's licence was surrendered following the closing of the gaming activities at its remaining venue. The Trust is however seeking new venues and will then apply for reinstatement of an Operator's Gaming licence.

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. While in operation, the company's venue operators were equally active in this area, enforcing the current persons excluded from gaming while monitoring gaming activity to identify potential problems and intervene where necessary.

Performance measures:

During April 2025 Financial Year, applicants received 35.6% of GST exclusive Gaming Machine Profit (GMP), (2024: 46.9% of GST exclusive GMP).

	2025	2024
Number of Applications	132	136
Total Requested	\$1,428,669	\$1,851,990
Average	\$10,823	\$13,617
Number Approved	29	76
Total Paid	\$307,965	\$1,034,801
Total Refunded	\$7,981	\$11,825
Average	\$10,619	\$13,616

Blue Waters Community Trust

Statement of Service Performance (continued)

For the year ended 30 April 2025

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

	2025	2024
Sport and Rec.	\$253,730	\$854,920
Health and Welfare	\$34,935	\$121,881
Arts and Culture	\$2,000	\$19,000
Educational	\$17,300	\$39,000

BWCT is subject to legislation and regulation that requires minimum returns to the community of 40% of GST-exclusive revenue. The Trust did not achieve the required community returns, distributing only 35.6% (2024: 46.9%) and accounting profit 31.1% (2024: 47.3%). Note, the gaming activity was ceased at end of September 2024 so up to the date of cessation, BWCT had achieved accounting profit of 43%.

Other Information:

Funds Received

Gaming Machine Profit was \$842.5 k excluding GST in 2025, a 61.3% decrease on \$2.18 m ex GST in 2024.

Funds Utilised

The Trust's venue received \$133,325 ex GST (2024: \$348,679 ex GST) of gross revenue (16%), complying with regulations setting maximum payments to venues.

The Trust minimises costs wherever possible, to maximise returns to the community. During 2025, the single largest (non-statutory) cost was Management Fees \$75,000 (2024: \$75,000), followed by Depreciation \$42,937 (2024: \$44,851), Accounting Fees \$16,001 (2024: \$21,300) and Honoraria \$8,500 (2024: \$8,500).

Blue Waters Community Trust**Statement of Comprehensive Revenue and Expense
For the year ended 30 April 2025**

	Notes	2025 \$	2024 \$
<i>Revenue from exchange transactions</i>			
Gaming machine income	16	842,451	2,179,240
Other operating revenue		2,080	2,583
Total revenue		<u>844,531</u>	<u>2,181,823</u>
<i>Expenses</i>			
Depreciation	10	42,937	44,851
Gaming machine duty & Problem gambling levy		204,227	528,292
Venue rental		133,325	348,679
Legal fees and consulting		111,715	86,258
Audit Fees		7,648	20,100
Other operating expenses	6	81,899	121,062
Total expenses		<u>581,751</u>	<u>1,149,242</u>
<i>Total surplus for the year</i>		<u>262,780</u>	<u>1,032,581</u>
Less: distributions		(299,984)	(1,022,976)
Total comprehensive revenue and expense		<u>(37,204)</u>	<u>9,605</u>

The above statement should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.

Blue Waters Community Trust

**Statement of Changes in Net Assets/Equity
For the year ended 30 April 2025**

	Accumulated Comprehensive Revenue and Expense
	\$
Opening balance 1 May 2023	177,894
Surplus for the year	9,605
Closing equity 30 April 2024	187,499
(Deficit) for the year	(37,204)
Closing equity 30 April 2025	150,295

The above statement should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.

Blue Waters Community Trust**Statement of Financial Position****As at 30 April 2025**

	Notes	2025	2024
<i>Current assets</i>		\$	\$
Cash and cash equivalents	7	30,768	107,055
Receivables and prepayments	8	17,010	51,282
		<u>47,778</u>	<u>158,337</u>
<i>Non-current assets</i>			
Property plant and equipment	10	117,044	159,981
		<u>117,044</u>	<u>159,981</u>
Total Assets		<u>164,822</u>	<u>318,318</u>
<i>Current liabilities</i>			
Trade and other payables from exchange transactions	13	14,527	130,819
		<u>14,527</u>	<u>130,819</u>
Total Liabilities		<u>14,527</u>	<u>130,819</u>
Total net assets		<u>150,295</u>	<u>187,499</u>
Equity			
Accumulated comprehensive revenue and expense		150,295	187,499
Total Equity		<u>150,295</u>	<u>187,499</u>

The above statement should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.

Blue Waters Community Trust**Statement of Cash Flows
For the year ended 30 April 2025**

	Notes	2025	2024
Cash flows from operating activities			
<u>Receipts</u>			
Receipts from exchange transactions		881,434	2,182,753
Interest received		2,766	3,435
<u>Payments</u>			
Payments to suppliers and employees		(614,968)	(1,127,053)
Distributions		(299,984)	(1,022,976)
Net GST		(37,569)	(2,387)
Net cash flows from operating activities		(68,321)	33,772
Cash flows from investing activities			
Purchase of property, plant and equipment		(7,966)	(70,166)
Net cash flows from investing activities		(7,966)	(70,166)
Net (decrease) in cash and cash equivalents		(76,287)	(36,394)
Cash and cash equivalents at 1 May		107,055	143,449
Cash and cash equivalents at 30 April	7	30,768	107,055

The above statement should be read in conjunction with the notes to the financial statements
and the Independent Auditor's Report.

Blue Waters Community Trust

Accounting Policies to the financial statements For the year ended 30 April 2025

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 2025, 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

There have been no changes to the accounting policies. All policies applied are consistent with prior year.

e) Going Concern

The financial statements have been prepared on basis other than going concern. This is due to Class 4 venue licence that was mandatorily suspended as at 9 December 2024.

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 Income 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.

ii) 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 assess 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.

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 an 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 distribution 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 31.12% of its GST exclusive gross receipts (2024: 47.33%). 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 2025**

6. OTHER OPERATING INCOME/EXPENSES

	2025	2024
Operating expenses include the following:		
Gaming machine maintenance	6,480	15,552
Servicing of equipment	1,938	6,420
Electronic monitoring system fees	5,132	12,435

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

Current assets:

Cash at bank	30,768	107,055
Total cash and cash equivalents in statement of cash flows	<u>30,768</u>	<u>107,055</u>

8. RECEIVABLES AND PREPAYMENTS

Trade receivables from exchange transactions	8,898	43,372
Prepayments	<u>8,112</u>	<u>7,910</u>
	<u>17,010</u>	<u>51,282</u>

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

Blue Waters Community Trust**Notes to the financial statements
For the year ended 30 April 2025****9. RELATED PARTY TRANSACTIONS AND BALANCES****Compensation of key management personnel**

An honorarium was paid to Trustees of \$8,500 (2024: \$8,500) for services to the Net Proceeds Committee as well as their duties as Trustees.

10. PROPERTY, PLANT AND EQUIPMENT

	30-Apr-25			30-Apr-24		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Gaming machines & Equipment	526,635	409,591	117,044	526,635	366,654	159,981
	526,635	409,591	117,044	526,635	366,654	159,981

Reconciliation of property, plant and equipment - April 2025

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Gaming machines & Equipment	159,981	-	-	42,937	117,044
	159,981	-	-	42,937	117,044

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:

	2025	2024
Financial assets	\$	\$
<i>At amortised cost</i>		
Cash and cash equivalents	30,768	107,055
Receivables from exchange transactions (excl prepayments)	8,898	43,372
	<u>39,666</u>	<u>150,427</u>
Financial liabilities		
<i>At amortised cost</i>		
Trade and other creditors (excl GST & PAYE)	17,168	47,529
	<u>17,168</u>	<u>47,529</u>

12. FINANCE COSTS / INCOME

	2025	2024
<i>Finance income</i>	\$	\$
Interest income from cash & cash receivables	2,080	2,583

Blue Waters Community Trust**Notes to the financial statements
For the year ended 30 April 2025**

13. TRADE & OTHER PAYABLES - EXCHANGE TRANSACTIONS

	2025	2024
	\$	\$
Accounts payable	8,668	24,132
Accruals	8,500	23,397
Duty payable	-	44,346
GST/PAYE payable	(2,641)	38,944
	<u>14,527</u>	<u>130,819</u>

14. CAPITAL COMMITMENTS

There are no capital commitments at the reporting date. (2024: \$Nil).

15. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities at the reporting date. (2024: \$Nil).

16. REVENUE**Revenue from exchange transactions**

Gaming machine income	842,451	2,179,240
Interest received	2,080	2,583
	<u>844,531</u>	<u>2,181,823</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 have accepted an offer of \$25,000 plus GST for the sale of all gaming equipment held at 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 this financial report (2024: \$Nil).