

Report

Annual Report 2014
Financial Statements Section

Independent Auditor's Report

Grant Thornton

To the Shareholders of Pub Charity Limited

Report on the financial statements

We have audited the financial statements of Pub Charity Limited on pages 3 to 14, which comprise the statement of financial position as at 30 September 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities

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

Auditor's responsibilities

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.

Our firm carries out other assignments for Pub Charity Limited in the area of forecast review. The firm has no other interest in the Pub Charity Limited.

Opinion

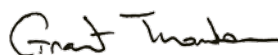
In our opinion, the financial statements on pages 3 to 14

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair value of the financial position of Pub Charity Limited as at 30 September 2014 and its financial performance and its cash flows for the period ended on that date.


Report on Other Legal and Regulatory Matters

Per the Financial Reporting Act 1993:

- we have obtained all the information and explanations that we have required;
- in our opinion, proper accounting records have been kept by Pub Charity Limited as far as appears from an examination of those records.



Grant Thornton New Zealand Audit Partnership,
Christchurch, New Zealand
26 November 2014

 Grant Thornton

Directors' Responsibility Statement

The Directors are responsible for the preparation of, in accordance with New Zealand law and generally accepted accounting practice, financial statements which give a true and fair view of the financial position of Pub Charity Limited as at 30 September 2014 and for the results of its operations for the year ended on that date.

The Directors consider that the financial statements have been prepared using accounting policies appropriate to the Company's circumstances, consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 1993

The Directors have responsibility for the maintenance of a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are pleased to present the Company financial statements for the year ended 30 September 2014.

For and on behalf of the board of Pub Charity Limited 26 November 2014



Rodney Lingard
Director



Maurice Hayes
Director

Financial statements

Statement of Comprehensive Income				
For the year ended 30 September 2014	Note	2014 \$000	2013 \$000 (Note 1)	
Income				
Revenue from gaming machines		4,704	155	
Interest received		0	0	
Operating revenue		4,704	155	
Expenditure				
Administration expenses	3	509	22	
Licence fees		90	12	
Depreciation expense	5	289	4	
Gaming machine duty	2	1,082	36	
Interest expense on loan		40	0	
Loss on sale of property, plant and equipment		3	0	
Service expenses		118	3	
Problem gambling levy	2	71	2	
Employee benefits expense		1,080	0	
Site rental	14	698	10	
Administration costs recharged		(1,503)	0	
Operating expenses		2,477	89	
Surplus for the year before distributions		2,227	66	
Distributions				
Donations paid to the community		1,788	57	
Returned donations		(7)	0	
Funds distributed		1,781	57	
Surplus for the year		446	9	
Other comprehensive income		0	0	
Total comprehensive income for the year		446	9	

Statement of Changes in Equity				
For the year ended 30 September 2014	Note	2014 \$000	2013 \$000 (Note 1)	
Equity at beginning of year		9	0	
Total comprehensive income for the year		446	9	
Equity at end of year		455	9	

Statement of Financial Position				
As at 30 September 2014	Note	2014 \$000	2013 \$000 (Note 1)	
Current assets				
Cash and cash equivalents		825	0	
Trade debtors and other receivables	4,8	133	14	
Prepayments		1	0	
		959	14	
Non-current assets				
Property, plant and equipment	5	1,747	104	
Total assets		2,706	118	
Current liabilities				
Bank overdraft	6	0	68	
GST payable		227	2	
Trade creditors and other payables		166	0	
Accrued expenses		66	1	
Employee benefit liabilities		121	0	
Duty payable		171	38	
		751	109	
Non-current liabilities				
Loan	7	1,500	0	
		1,500	0	
Total liabilities		2,251	109	
Equity				
Share capital \$2 unpaid		0	0	
Retained earnings		455	9	
Total equity		455	9	
		2,706	118	
Total equity and liabilities		2,706	118	

For and on behalf of the Board of Pub Charity Limited, who authorised the issue of these financial statements on 26 November 2014



Rodney Lingard
Director



Maurice Hayes
Director

Statement of Cash Flows			
For the year ended 30 September 2014	Note	2014 \$000	2013 \$000 (Note 1)
Cash flows from operating activities			
Cash was provided from:			
Net receipts from members and suppliers		4,585	146
Add GST collected in receipts from members		688	22
		5,273	168
Add interest received		0	0
Returned donations		7	0
Administration and cost recoveries		2,697	0
		7,977	168
Cash was applied to:			
Payment to suppliers		(3,574)	(56)
Payments to employees and Directors		(1,067)	0
GST paid		(194)	(14)
Donations paid to the community		(1,788)	(57)
		(6,623)	(127)
Net cash flows from operating activities	10	1,354	41
Cash flows from investing activities			
Cash was applied to:			
Cash outflow for property, plant and equipment		(2,270)	(125)
Less GST in payment for property, plant and equipment		297	17
Net cash used in investing activities		(1,973)	(108)
Cash flows from financing activities:			
Cash was provided from:			
Loan		1,500	20
Sale of property, plant and equipment		14	0
GST in sale of property, plant and equipment		(2)	0
		1,512	20

Statement of Cash Flows			
For the year ended 30 September 2014	Note	2014 \$000	2013 \$000 (Note 1)
Cash was applied to:			
Repayment of loans		0	(20)
Interest paid		0	(1)
		0	(21)
Net cash flows from/(used in) financing activities		1,512	(1)
Net increase/(decrease) in cash held		893	(68)
Add opening cash brought forward		(68)	0
Ending cash carried forward		825	(68)

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Notes to the Financial Statements

For the year ended 30 September 2014

Note 1 Statement of Accounting Policies

Reporting Entity

Pub Charity Limited, (the "Company") was incorporated in New Zealand on 14 September 2012 under the Companies Act 1993.

Nature of the Business

The nature of the business is to raise funds through the operation of gaming machines and to distribute these funds for charitable purposes throughout New Zealand. These activities are governed by the requirements of the Gambling Act 2003, which is administered by the Department of Internal Affairs.

The Company is licensed to conduct Class 4 gaming under section 52 of the Gambling Act 2003 and was issued its licence on 6 August 2013 to expire 31 December 2014.

General Information and Statement of Compliance

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), the Financial Reporting Act 1993, the Companies Act 1993 and other applicable Financial Reporting Standards, as appropriate for a public benefit entity.

Basis of preparation

The measurement basis applied in the preparation of the Company's financial statements is historical cost.

The accrual basis of accounting has been used unless stated otherwise. Under the accrual basis, revenues, expenses, assets and liabilities are recognised when they are earned or incurred rather than when cash is received or paid.

The reporting period for these financial statements is for the year ended 30 September 2014.

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless otherwise stated.

The financial statements, which comply with the Financial Reporting Act 1993, have been prepared for the individual entity of the Company. The Company is a public benefit entity for the purposes of financial reporting. A public benefit entity is defined as a reporting entity whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders.

The Company operates all its activities within New Zealand in the industry of gaming in accordance with the Gambling Act 2003, and commenced operations with the issue of its licence in August 2013. The Company operates from premises leased at 190 Taranaki Street, Wellington and has an office in Albany for staff based in Auckland, an office in Christchurch for staff based in Christchurch and an office based in Nelson for a staff member based in Nelson.

Note 2 Summary of Significant Accounting Policies

A) REVENUE RECOGNITION

Revenue is measured at the fair value of consideration received or receivable to the extent it is probable the economic benefits will flow to the entity and revenue can be reliably measured. Revenue figures are obtained from the Department of Internal Affairs Electronic Monitoring System on a weekly basis. Interest income is recognised using the accrual method.

B) DONATIONS

When members remit gaming machine revenue to the Company, a licence condition obligation arises to pay 37.12% of the GST exclusive Gaming Machine Proceeds (GMP) thereof to the community in the form of donations.

For the financial year under review the Company has met its obligation and paid out 43.6% GST exclusive receipts from members (2013: 42.2%). Payment requires approval by the Net Proceeds Committee that the recipient has requested the donation for an "authorised purpose" as defined by the Gambling Act 2003.

Donations are recognised on a cash basis, that is, when the payments are made through the bank account.

C) CASH AND CASH EQUIVALENTS

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

D) ACCOUNTS RECEIVABLE

Accounts receivable are stated at estimated realisable value after allowing for a provision for doubtful debts. Collectability of receivables is reviewed on an ongoing basis. As stipulated by the Gambling Act 2003, Venue Operators have five business days to bank.

An allowance for doubtful debts is raised when there is evidence that the Company will not be able to collect the debt. Debts that are known to be uncollectable are written off when identified.

E) TRADE AND OTHER PAYABLES

Trade and other payables are stated at cost and are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods.

F) TAXATION

The Company is exempt from income tax in accordance with section CW48 of the (New Zealand) Income Tax Act 2007. The Directors have determined that all the Company's income, including interest received and gain on sale of property, plant and equipment, is gaming proceeds and exempt from income tax. The Company is also exempt from Fringe Benefit Tax.

G) GOODS AND SERVICES TAX (GST)

All items in the financial statements are prepared on a GST exclusive basis, with the exception of accounts payable and receivable and the Statement of Cash Flows which are prepared on a GST inclusive basis. Receipts are stated on a GST inclusive basis.

H) GAMING MACHINE DUTY

The Company is required to deduct gaming machine duty of 20% of revenue (inclusive of GST) from gaming machines in accordance with Clause 12C of the Gaming Duties Act 1971 and its amendments.

I) PROBLEM GAMBLING LEVY

The Company is required to pay a levy at rates set by Gazette Notice, currently 1.31% to the Problem Gambling Foundation in accordance with Clauses 317 to 323 of the Gambling Act 2003 and its amendments.

J) FINANCIAL INSTRUMENTS

Financial instruments comprise accounts receivable and other receivables, cash and cash equivalents, accounts payable and other payables.

Recognition and de-recognition of financial assets and liabilities

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit and loss, which are measured initially at fair value. Subsequent measurement of financial assets and liabilities is described below

Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for those carried at fair value through profit or loss, which are measured at fair value.

Classification and subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification on the basis of the purpose for which financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

The Company currently classifies all financial assets for recognition and measurement purposes as loans and receivables in accordance with *NZ IFRS 7 – Financial Instruments: Disclosures*.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments are those that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Classification and subsequent measurement of financial liabilities

Trade payables and other borrowings are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

K) PROPERTY, PLANT AND EQUIPMENT

Recognition

Property, plant and equipment are tangible assets that an entity holds for its own use and that the entity expects to use for more than one reporting period.

An item is recognised as property, plant and equipment only if it is probable that future economic benefits or service potential will flow to the entity and the cost of the item can be reliably measured.

Measurement

All property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended purpose.

When an asset is acquired at no cost or nominal cost, the asset is recorded at fair value. After recognition as an asset, an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses. This method of recognition is known as the cost method.

Disposal

Realised gains or losses on disposal of an item of property, plant and equipment are recognised as a gain or expense in the Statement of Comprehensive Income in the period in which the transaction occurs. Gains are disclosed separately from revenue.

Depreciation

Depreciation spreads the cost less residual value of an asset over its useful life. It is provided on all property, plant and equipment on a straight line basis at depreciation rates calculated to allocate the asset's cost or valuation less estimated realisable value over its estimated life.

The residual value, useful life of an asset and the depreciation method applied are reviewed at the end of the reporting year and, if expectations differ from previous estimates, the changes are accounted for and recorded in the notes in accordance with *NZ IAS 8 – Accounting Policies*.

The Company uses the following depreciation rates on the basis of the estimated useful lives of the assets.

Computer equipment	30%	
Other gaming equipment	18%	
Gaming machine conversions	33%	
Motor vehicles	25%	
Gaming machines	28%	(or 186 weeks)
Cashless systems	28%	(or 186 weeks)
Link systems	28%	(or 186 weeks)
Coin counters	28%	(or 186 weeks)
Cash management systems	28%	(or 186 weeks)
Note to coin machines	28%	(or 186 weeks)

An asset is impaired if something has happened to reduce its value, for example physical damage or wear and tear earlier than expected. If an asset's carrying amount exceeds its recoverable amount then an impairment loss may have occurred and it will be reported in the Statement of Comprehensive Income as an expense.

The carrying amounts of property, plant and equipment are reviewed annually to determine if there is any indication of impairment.

L) OPERATING LEASES

An operating lease is where the lessors effectively retain substantially all of the risks and benefits of ownership of the leased items. Payments made under these leases are expensed through the profit and loss within the Statement of Comprehensive Income in the period in which they are incurred in equal instalments over the period of the lease.

M) RELATED PARTIES

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence.

Significant influence is defined as the power to participate in the financial and operating policy decisions of an entity, but not control over those policies.

Significant influence may be gained by share ownership, statute or agreement. In a public benefit entity such as the Company, related parties are likely to be members of the governing body.

N) AUTHORISED DEDUCTIONS

The Secretary for the Department of Internal Affairs has authorised deductions for gaming machine amortisation, interest, service costs and administration charges from the proceeds collected by each machine.

Proceeds received are deemed to be GST inclusive and output tax is collected by the Company on behalf of Inland Revenue.

O) STATEMENT OF CASH FLOWS

The Statement of Cash Flows has been prepared on a GST inclusive basis. Operating activities include cash received from all income sources of the Company and all the payments made for the supply of goods and services

Investing activities relate to the acquisition and disposal of assets, and financing activities relate to the change in capital structure of the entity.

P) JUDGEMENTS AND ESTIMATIONS

The preparation of the financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Where material, information on the major assumption is provided in the relevant accounting policy.

Q) NEW NZ IFRS STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

At the date of authorisation of these financial statements, certain new standards and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all pronouncements will be adopted by the Company for the first year beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

XRB A1: Accounting Standards Framework

In April 2012, the External Reporting Board (XRB) of the New Zealand Society of Accountants issued a new Accounting Standards Framework. The new Framework is based on a multi-sector, multi-tiers reporting approach and is being rolled-out progressively during the 2012-2015 period. The new Accounting Standards Framework issued by the XRB applies to large Not for Profit Public Benefit Entities such as the Company but is effective for reporting periods commencing on or after 1 July 2014 and has not been adopted early by the Company.

NZ IFRS 13 Fair Value Measurement

NZ IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of NZ IFRS 13 is broad and it applies for both financial and non-financial items for which other standards approved by the External Reporting Board (XRB) require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances.

The Company does not have any disclosures under NZ IFRS 13.

Standards Issued but Not Yet Effective

At the date of authorisation of these financial statements, certain new standards and amendments to and interpretations of existing standards have been applied in the preparation of these financial statements. Management anticipates that all of the pronouncements will be adopted in the accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards and interpretations that are expected to be relevant is included below:

NZ IFRS 9 – Financial Instruments (effective date from 1 January 2018)

The IASB and the XRB will replace NZ IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety with this new standard (NZ IFRS 9). This deals with recognition, classification, measurement and de-recognition of financial assets and financial liabilities, expected credit losses and hedging. These chapters are effective for annual periods beginning on or after 1 January 2018. Management have yet to assess the impact the standard is likely to have on the recognition and measurement of financial assets held by the Company.

NZ IFRS 15 Revenues from Contracts With Customers (effective date from 1 January 2017)

The IASB and the XRB have published *IFRS 15 Revenues from Contracts With Customers*, the product of a major joint project between the IASB and the US FASB. The previous requirements of IFRS and US GAAP were not harmonised and often resulted in different accounting treatment for economically similar transactions. Therefore, the Boards have developed new, fully converged requirements for the recognition of revenue under both IFRS and US GAAP.

NZ IFRS 15:

- Replaces NZ IAS 18 *Revenues* and NZ IAS 11 *Construction Contracts* and some revenue-related interpretations
- Establishes a new control-based revenue recognition model
- Changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- Provides new and more detailed guidance on specific topics
- Expands and improves disclosures about revenue.

Management has assessed this standard and considered it has a limited impact on the financial statements given the nature and source of revenue.

R) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

There have been no changes in the accounting policies adopted.

Note 3 Expenses

The Company entered into an agreement with Pub Charity Incorporated (the "Trust") to provide the Trust with management and administrative services with effect from 1 April 2014. Comparative costs are affected because this year's costs reflect the increased activity for the period since April 2014. Management fees of \$1,504k have been received from the Trust during the year.

Administration expenses		
	2014 \$000	2013 \$000
Administration expenses		
Net Proceeds Committee expenses	57	0
Rent costs	124	0
Auditor's remuneration – Audit fee	8	5
Auditor's remuneration – Other assurance services	2	0

Rent expense split by location is as follows; Wellington head office \$102k (2013:nil), Christchurch office \$6k (2013: nil), Auckland office \$12k (2013: nil) and Nelson office \$4k (2013: nil). Rental agreements were assigned to the Company with effect from 1 April 2014.

Other assurance services comprise of forecast reviews.

Note 4 Current assets

Current assets		
	2014 \$000	2013 \$000
Current assets		
Cash at bank	825	0
Accounts receivable	133	14
	958	14

Note 5 Property, Plant and Equipment as at 30 September 2014

	Gaming machines	Link equipment	Cash management systems,	computer systems	Motor vehicles	Other equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Year ended 30 September 2014							
Cost							
Balance as at 1 October 2013	63	28	5	1	0	11	108
Additions	1,234	151	46	50	309	183	1,973
Disposals	(18)	0	0	0	(17)	(8)	(43)
Balance as at 30 September 2014	1,279	179	51	51	292	186	2,038
Accumulated depreciation							
Balance as at 1 October 2013	2	1	0	0	0	1	4
Current year depreciation	188	28	8	5	38	22	289
Disposals	0	0	0	0	0	(2)	(2)
Balance as at 30 September 2014	190	29	8	5	38	21	291
Carrying value 1 October 2013	61	27	5	1	0	10	104
Carrying value 30 September 2014	1,089	150	43	46	254	165	1,747
Year ended 30 September 2013							
Cost							
Balance as at 1 October 2012	0	0	0	0	0	0	0
Additions	63	28	5	1	0	11	108
Disposals	0	0	0	0	0	0	0
Balance as at 30 September 2013	63	28	5	1	0	11	108
Accumulated depreciation							
Balance as at 1 October 2012	0	0	0	0	0	0	0
Current year depreciation	2	1	0	0	0	1	4
Disposals	0	0	0	0	0	0	0
Balance as at 30 September 2013	2	1	0	0	0	1	4
Carrying value 1 October 2012	0	0	0	0	0	0	0
Carrying value 30 September 2013	61	27	5	1	0	10	104

The Company is required to own the gaming equipment under section 67(1)(g) of the Gambling Act 2003. The purpose of owning assets is so that the Company can conduct gaming activities that generate net proceeds for distribution for authorised purposes. It is the Company's policy to ensure that equipment is maintained on a current

technological basis. An annual capital budget is reviewed by the Board of Directors. Capital expenditure proposals are reviewed by management to ensure they are reasonable, necessary and meet the objectives set by the Board for the operational effectiveness of the Company.

Note 6 Current liabilities

Current liabilities		
	2014 \$000	2013 \$000
Bank overdraft	0	68
Trade creditors	166	0
Accrued expenses	66	1
Duty payable	171	38
GST payable	227	2
Employee benefit liabilities	121	0
	751	109

Trade creditors are usually settled on terms varying between seven days and 20th of the month following the invoice date. The bank overdraft is secured against all present and future acquired property of the Company.

Employee benefit liabilities		
	2014 \$000	2013 \$000
Annual leave accrual	96	0
Sick leave	25	0
	121	0

Note 7 Loans

The Company has entered into a financing arrangement with a third party. The loan is due to be paid no later than 31 January 2018.

The loan is secured against all present and future acquired property of the Company.

Note 8 Transactions with related parties

The ultimate controlling party of the Company is the Board of Directors. Some of the Directors serve on the Net Proceeds Committee to consider and approve or decline grant applications. Those Directors receive payments for expenses and time employed as set down for Net Proceeds Committee members. Payments to Directors serving on the Net Proceeds Committee for the year totalled \$57k (2013: Nil).

The Directors of the Company are also the Trustees of the Trust, which Trust was settled on 2 October 1987. There has been a sale and purchase of assets between the two entities during the year of \$1.792m carried out at fair market value.

Key management personnel

The Company has a relationship with its key management personnel. During the year remuneration of \$204k (2013: nil), was paid to key management personnel, which included the CEO and Directors. Total remuneration paid to key management personnel is made up of short-term employee benefits. No post employment or termination benefits, or long term benefit arrangements have been expensed in the year reported.

Note 9 Financial Instruments

The carrying amount of all material Statement of Financial Position assets and liabilities is considered to be equivalent to their fair value. The Company has a series of policies to manage risk associated with financial instruments. Policies have been established which do not allow any transactions that are speculative in nature to be entered into. Exposure to credit, interest and liquidity risk arises in the normal course of the Company's activities.

Categories of financial instruments	Loans and receivables		Financial liabilities at amortised cost	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Financial assets				
Cash and cash equivalents	133	14	0	0
Accounts receivable	825	0	0	0
Financial liabilities				
Bank overdraft	0	0	0	68
Loan	0	0	1,500	0
Accounts payable and accruals	0	0	403	41

Credit risk

Financial instruments which potentially subject the Company to credit risk principally consist of bank balances held at the Bank of New Zealand and accounts receivable. Credit risk exists where one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation.

Debtors considered uncollectable have been written off and doubtful debts have been adequately provided for. The Company does not require any collateral or security to support financial instruments and other debts it holds due to the low risk associated with the realisation of these instruments.

Maximum exposures to credit risk at the reporting date are stated below.

Trade receivables		
	2014 \$000	2013 \$000
Accounts receivable	133	14

Accounts receivable		
	2014 \$000	2013 \$000
Not past due	133	14
Past due 0 – 30 days	0	0
Past due 31 – 120 days	0	0
Past due 121 – 365 days	0	0
Past due more than 1 year	0	0
Total	133	14

No trade receivables were considered impaired at the reporting date. Impairment is recognised for any insolvent customers. In the case of insolvency the Company generally writes off the receivable in full unless there is clear evidence that a receipt is highly probable.

Fair values

The estimated fair values of the financial assets and liabilities are as follows:

Fair values	Carrying amount		Fair value	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Bank/(Bank overdraft)	825	(68)	825	(68)
Accounts receivable	133	14	133	14
Accounts payable and accruals	(403)	(41)	(403)	(41)

The carrying amount is the face value for each class of financial assets and liabilities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not materially exposed to interest rate risk from its interest earning financial assets.

The Company's funds are held in a Treasury Call Account whereby interest is calculated at the current market rates. The Company has entered into a revolving credit facility with a third party that is secured by a General Security Agreement over the assets of the Company. Overdraft facilities have been arranged with the Bank of New Zealand for which the bank holds a perfected security interest in all present and after acquired property of the Company.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The Company manages liquidity risk by managing cash flows to ensure sufficient funds are available to cover all its obligations as they fall due.

Year ended 30 September 2014	Statement of Financial Position	Contractual cash flows	1 year or less	1-2 years	2-5 years	more than 5 years
	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets						
Cash and cash equivalents	825	825	825	0	0	0
Trade debtors and other receivables	133	133	133	0	0	0
	958	958	958	0	0	0
Financial liabilities						
Accounts payable and accruals	(751)	(751)	(751)	0	0	0
Bank overdraft	0	0	0	0	0	0
	(751)	(751)	(751)	0	0	0

Year ended 30 September 2013	Statement of Financial Position	Contractual cash flows	1 year or less	1-2 years	2-5 years	more than 5 years
	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets						
Cash and cash equivalents	0	0	0	0	0	0
Trade debtors and other receivables	14	14	14	0	0	0
	14	14	14	0	0	0
Financial liabilities						
Accounts payable and accruals	(41)	(41)	(41)	0	0	0
Bank overdraft	(68)	(68)	(68)	0	0	0
	(109)	(109)	(109)	0	0	0

Note 10 Reconciliation of surplus for year before distributions inflow/(outflow) from operating activities

	2014 \$000	2013 \$000
Reported surplus/(loss) from gaming operations	446	9
Net income/(loss)	446	9
Add/(less) non-cash items:		
Depreciation	289	4
Add back interest payment on loan	40	1
	329	5
Movement in working capital:		
(Increase)/decrease in accounts receivable	(120)	(14)
Increase/(decrease) in accounts payable	699	41
	579	27
Net cash flows from operating activities	1,354	41

Note 11 Capital commitments

The Company had no capital commitments as at 30 September 2014 (2013: nil).

Note 12 Operating leases

Lease commitments under non-cancellable operating leases:

Operating leases		
	2014 \$000	2013 \$000
Not later than one year	38	0
Later than one year and not later than five years	0	0
Later than five years	0	0
	38	0

All leases have been assigned to Pub Charity Limited who are operating administrative services for the Trust under a management agreement.

The Company has Venue Agreements in place to reimburse Venue Operators the costs and expenses associated with the operation of the gaming equipment at the venue, such sum as may from time to time be approved by the Department of Internal Affairs, save that the costs incurred and the amount of the venue payment are subject to any limits or exclusions placed on costs or venue payments by the Department of Internal Affairs under section 116 of the Gambling Act 2003. The venue payment includes payment for the space in the venue occupied by the gaming machines.

Venue Agreements are in force for a maximum of three years.

Note 13 Contingent liabilities

The Company had no contingent liabilities as at 30 September 2014 (2013: Nil).

Note 14 Site Rental Reimbursement

Venue expenses are paid to the Venue Operators for the expenses incurred in the management of gaming machines at the venues. These costs are limited by way of a Gazette Notice issued on 17 July 2008 by the Department of Internal Affairs as to what are determined to be actual, reasonable and necessary according to constraints set by regulations. The reimbursements paid by Societies may not exceed 16% of GMP excluding GST. For the year ended 30 September 2014 venue expenses were 14.83% (2013: 6.69%) of GMP.

Note 15 Capital Management

The primary objective of the Company's capital management policy is to ensure working capital is maintained in order to support its activities. The Company manages its capital structure and makes adjustments to reflect operational requirements. To maintain or adjust the capital structure, budgeted discretionary expenditure is reduced before obtaining additional external borrowings. Pub Charity Limited is subject to the provisions of a General Security Agreement in respect of a revolving funding facility that has been arranged with an external party.

Note 16 Events subsequent to the reporting date

There have been no events subsequent to the reporting date (2013: Nil).