2015 ANNUAL REPORT

REPORT 2015

The year ending 30th September 2015 was a watershed year for Pub Charity Limited. During the course of the year all venues that were previously operating under the Pub Charity Inc. society licence were transferred to Pub Charity Limited.

This required a huge effort and I would like to thank all venues, the DIA staff and our own team in assisting us with this transition. I faced this with some trepidation but with your co-operation and support this was achieved with the last venue completed on time prior to our financial year end.

Because of this progressive transition looking at Pub Charity Limited in isolation in 2015 presents a misleading position.

Here are some **key facts** from adding together the results from the two entities.

142
Venues throughout New Zealand

1,754
Gaming machines

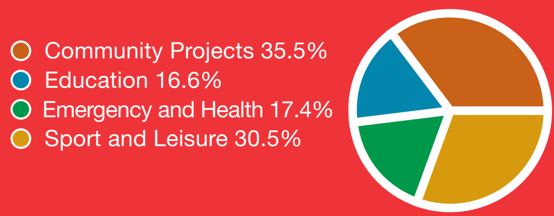
$30M
During the year Pub Charity Inc. and Pub Charity Limited paid $30,809,629 in donations

$85M
Combined Gross Revenue for this year was $85,207,602.17

41.4%
Combined gross proceeds (distribution required under Gaming legislation is 40%)

The Net Proceeds Committee meet every month of the year except December. Their aim is to support communities where Pub Charity Limited operates venues and to attempt to achieve an allocation between Community projects, Education, Health and Welfare and Sports and Recreation.

For the year ending 30th September 2015 donations were allocated as follows:



In any one funding month the number of applications received exceed the funds available by approximately 3:1. Our advice to applicants is prepare well and prepare well in advance of any project. This gives you the flexibility in the event that a donation is either only partially funded or declined. The Net Proceeds Committee will give priority to projects that benefit the local community but will be guided by the number of applications received from a territory and the funds available.

Martin Cheer
Chief Executive
Pub Charity Limited

INDEPENDENT AUDITOR'S REPORT

Grant Thornton

To the Shareholders of Pub Charity Limited

We have audited the financial statements of Pub Charity Limited on pages 4 to 15, which comprise the statement of financial position as at 30 September 2015, and the statement of comprehensive income and statement of cash flow 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 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 conducte 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 present fairly 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 4 to 15 present fairly, in all material respects, the financial position of Pub Charity Limited as at 30 September 2015, and its financial performance and its cash flows, for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Grant Thornton

Grant Thornton New Zealand Audit Partnership,
Christchurch, New Zealand
25 November 2015

Grant Thornton

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation, 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 the 30th September 2015 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 2015.

For and on behalf of the Board of Pub Charity Limited 26 November 2015.

Maurice Hayes
Director

Brian Counihan
Director

FINANCIAL STATEMENTS

Statement of Comprehensive Income

For the year ended 30 September 2015	Notes	2015 $000	2014 $000
INCOME			
Revenue from gaming machines		33,078	4,704
Interest received		64	0
Distributable revenue		**33,142**	**4,704**
DISTRIBUTIONS			
Donations paid to the community		13,386	1,788
Returned donations		(98)	(7)
Funds distributed		13,288	1,781
Distribution %		40.09%	37.86%
Operating Surplus after Distributions		19,854	2,923
Non Recurring Significant Revenue	9	20,988	0
Total Revenue		**40,842**	**2,923**
EXPENDITURE			
Administration expenses	3	935	509
Licence fees		169	90
Depreciation expense	6,16	2,616	289
Gaming machine duty	2	7,608	1,082
Interest expense on loan		47	40
Loss on sale of property, plant and equipment		39	3
Service expenses		1,339	118
Problem gambling levy	2	498	71
Employee benefits expense		2,034	1,080
Site rental	15	5,156	698
Administration costs recharged	3	(2,147)	(1,503)
Operating expenses		**18,294**	**2,477**
Total comprehensive income for the year		**22,548**	**446**

Statement of Changes in Equity

For the year ended 30 September 2015	2015 $000	2014 $000
Equity at beginning of year	455	9
Total comprehensive income for the year	22,548	446
Equity at end of year	**23,003**	**455**

Statement of Financial Position

As at 30 September 2015	Notes	2015 $000	2014 $000
CURRENT ASSETS			
Cash and cash equivalents		4,923	825
Trade debtors and other receivables	4,10	1,885	133
Prepayments		60	1
		6,868	959
NON-CURRENT ASSETS			
Intangibles	5	92	0
Property, plant and equipment	6	20,640	1,747
Total assets		**27,600**	**2,706**
CURRENT LIABILITIES			
GST payable		1,220	227
Trade creditors and other payables		1,556	166
Accrued expenses		176	66
Employee benefit liabilities		107	121
Duty payable		1,538	171
	7	4,597	751
NON-CURRENT LIABILITIES			
Loan	8	0	1,500
		0	1,500
Total liabilities		**4,597**	**2,251**
EQUITY			
Share capital $2 unpaid		0	0
Retained earnings		23,003	455
Total equity		23,003	455
Total Equity and Liabilities		**27,600**	**2,706**

For and on behalf of the Board of Pub Charity Limited, who authorised the issue of these financial statements on the 26 November 2015

Maurice Hayes
Director

Brian Counihan
Director

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

Statement of Cash Flows

For the year ended 30 September 2015	Notes	2015 $000	2014 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Net receipts from members and suppliers		27,240	4,585
Add GST collected in receipts from members		4,086	688
		31,326	5,273
Add interest received		64	0
Returned donations		98	7
Administration and cost recoveries		3,862	2,697
		35,350	7,977
Cash was applied to:			
Payments to suppliers		(12,291)	(3,574)
Payments to employees and Directors		(1,901)	(1,067)
GST paid		(1,436)	(194)
Donations paid to the community		(13,386)	(1,788)
		(29,014)	(6,623)
Net cash flows from operating activities	11	**6,336**	**1,354**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was applied to:			
Cash outflow for property, plant and equipment		(2,157)	(2,270)
Less GST in payment for property, plant and equipment		249	297
		(1,908)	(1,973)
Cash was received from:			
Sale of property, plant and equipment		67	14
Less GST in sale of property, plant and equipment		(9)	(2)
		58	12
Net cash from investing activities		**(1,850)**	**(1,973)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Loan		0	1,500
Pub Charity Inc. Equity appropriated		1,200	0
		1,200	1,500
Cash was applied to:			
Repayment of loans		(1,500)	0
Interest paid		(88)	0
		(1,588)	0
Net cash flows from financing activities		**(388)**	**1,500**
Net increase in cash held		**4,098**	**893**
Add opening cash brought forward		**825**	**(68)**
Ending cash carried forward		**4,923**	**825**

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 2015

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. Under section 56(6) that licence remains in force after its expiry date if (a) the Company has applied for renewal before the expiry date; and (b) the application has not been refused.

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 2015.

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.

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 40% 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 40.1% GST exclusive receipts from members (2014: 37.9%). 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%	
Software & Intangibles	30%	
Other gaming equipment	18%	
Gaming machine conversions	33%	
Motor vehicles	25%	
Gaming machines	28%	(or 186 weeks)
Link systems	28%	(or 186 weeks)
Cash management systems	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 Company 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

The External Reporting Board (XRB) has introduced a revised Accounting Standards Framework. The revised framework has introduced Public Benefit Entity Accounting Standards (PAS) comprising International Public Sector Accounting Standards (IPSAS), modified as appropriate for New Zealand circumstances. The Financial Reporting Act 2013 was enacted in December 2013 and will bring the revised framework into law. Under the revised Accounting Standards Framework Pub Charity Limited is expected to prepare annual financial statements in accordance with IPSAS based standards for the first-time for the year ended 30 September 2016.

The impact of IPSAS adoption on the annual financial statements of Pub Charity Limited is not yet known but is not expected to be significant, other than changes in presentation and additional disclosures.

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 has 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.

In respect, 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 $2,147k have been received from the Trust during the year.

Administration expenses	2015 $000	2014 $000
Net Proceeds Committee expenses	103	57
Rent costs	155	124
Auditor's remuneration – Audit fee	23	8
Auditor's remuneration – Other assurance services	4	2

Rent expense split by location is as follows; Wellington head office $101k (2014:$102k), Christchurch office $22k (2014: $6k) Auckland office $24k (2014: $12k) and Nelson office $8k (2014: $4k). 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	2015 $000	2014 $000
Cash at bank	4,923	825
Accounts receivable	1,885	133
	6,808	**958**

The carrying value of trade receivables is considered approximate to their fair value.

Note 5 Intangible Assets – Computer software

	2015 $000	2014 $000
COST		
Opening Balance	0	0
Additions	102	0
Disposals	0	0
Total Cost	102	0
ACCUMULATED AMORTISATION		
Opening Balance	0	0
Amortisation	10	0
Disposals	0	0
Total Accumulated Amortisation	10	0
Total Computer Software	**92**	**0**

Note 6 Property, Plant and Equipment as at 30 September 2015

	Gaming machines	Gaming machine conversions	Link equipment	Cash management systems	Leasehold alterations	Motor vehicles	Office equipment and furniture	Computer systems	Other equipment	Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Year ended 30 September 2015										
COST										
Balance as at 1 October 2014	1,279	0	179	51	0	292	0	51	186	2,039
Additions	16,465	190	2,635	459	277	161	115	324	1,120	21,746
Disposals	(145)	0	(35)	(1)	0	(97)	0	(2)	(20)	(300)
Balance as at 30 September 2015	**17,599**	**190**	**2,779**	**509**	**277**	**356**	**115**	**373**	**1,286**	**23,485**
ACCUMULATED DEPRECIATION										
Balance as at 1 October 2014	190	0	29	8	0	38	0	5	21	292
Current year depreciation	1,925	15	315	55	26	87	6	37	140	2,606
Disposals	(17)	0	(4)	0	0	(29)	0	0	(3)	(53)
Balance as at 30 September 2015	**2,098**	**15**	**340**	**63**	**26**	**96**	**6**	**42**	**158**	**2,845**
Carrying value 1 October 2014	**1,089**	**0**	**150**	**43**	**0**	**254**	**0**	**46**	**165**	**1,747**
Carrying value 30 September 2015	**15,501**	**175**	**2,439**	**446**	**251**	**260**	**109**	**331**	**1,128**	**20,640**
Year ended 30 September 2014										
COST										
Balance as at 1 October 2013	63	0	28	5	0	0	0	1	11	108
Additions	1,234	0	151	46	0	309	0	50	183	1,973
Disposals	(18)	0	0	0	0	(17)	0	0	(8)	(42)
Balance as at 30 September 2014	**1,279**	**0**	**179**	**51**	**0**	**292**	**0**	**51**	**186**	**2,039**
ACCUMULATED DEPRECIATION										
Balance as at 1 October 2013	2	0	1	0	0	0	0	0	1	4
Current year depreciation	188	0	28	8	0	38	0	5	22	289
Disposals	0	0	0	0	0	0	0	0	(2)	(2)
Balance as at 30 September 2014	**190**	**0**	**29**	**8**	**0**	**38**	**0**	**5**	**21**	**291**
Carrying value 1 October 2013	**61**	**0**	**27**	**5**	**0**	**0**	**0**	**1**	**10**	**104**
Carrying value 30 September 2014	**1,089**	**0**	**150**	**43**	**0**	**254**	**0**	**46**	**165**	**1,747**

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 7 Current liabilities

Current liabilities	2015 $000	2014 $000
Trade creditors	1,556	166
Accrued expenses	176	66
Duty payable	1,538	171
GST payable	1,220	227
Employee benefit liabilities	107	121
	4,597	**751**

Trade creditors are usually settled on terms varying between seven days and 20th of the month following the invoice date and are non-interest bearing.

Employee benefit liabilities	2015 $000	2014 $000
Annual leave accrual	107	96
Sick leave provision	0	25
	107	**121**

Note 8 Loans

The Company had entered in a financing arrangement with a third party. The loan was due to be paid no later than 31st January 2018.

The loan was secured against all present and future acquired property of the Company. The loan was repaid in full during the course of the year.

Note 9 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 $103k (2014: $57k).

The Directors of the Company are also Trustees of Pub Charity (the Trust), which Trust was settled on 2 October 1987. The assets of the Trust have been appropriated to the Company in a process agreed by the Department of Internal Affairs at fair value, resulting in a gain of $19,438k. An additional $1,550k has also been appropriated as part of the wind up of the Trust. The Trustees have approved the winding up of the Trust following the completion of this appropriation process. Any surplus assets remaining in the Trust will be transferred to the Company at the date of dissolution.

Key management personnel

The Company has a relationship with its key management personnel. During the year remuneration of $331k (2014: $204k), 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 10 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	
	2015 $000	2014 $000	2015 $000	2014 $000
FINANCIAL ASSETS				
Accounts receivable	1,885	133	0	0
Cash and cash equivalents	4,923	825	0	0
FINANCIAL LIABILITIES				
Loan	0	0	0	1,500
Accounts payable and accruals	0	0	3,270	403

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	2015 $000	2014 $000
Accounts receivable	1,885	133

Accounts receivable	2015 $000	2014 $000
Not past due	1,885	133
Past due 0 - 30 days	0	0
Past due 31 - 120 days	0	0
Past due 121 - 360 days	0	0
Past due more than 1 year	0	0
Total	**1,885**	**133**

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:

	Carrying amount		Fair value	
	2015 $000	2014 $000	2015 $000	2014 $000
Bank/(Bank overdraft)	4,923	825	4,923	825
Accounts receivable	1,885	133	1,885	133
Accounts payable and accruals	(3,270)	(403)	(3,270)	(403)

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 2015	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	4,923	4,923	4,923	0	0	0
Trade debtors and other receivables	1,885	1,885	1,885	0	0	0
	6,808	**6,808**	**6,808**	**0**	**0**	**0**
FINANCIAL LIABILITIES						
Accounts payable and accruals	(4,596)	(4,596)	(4,596)	0	0	0
Bank overdraft	0	0	0	0	0	0
	(4,596)	**(4,596)**	**(4,596)**	**0**	**0**	**0**

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**

Note 11 Reconciliation of surplus for year before distributions inflow/(outflow) from operating activities

Reconciliation of surplus for year before distributions inflow/(outflow) from operating activities	2015 $000	2014 $000
Reported surplus from gaming operations	1,559	446
Net income	**1,559**	**446**
Add non cash items:		
Depreciation	2,655	289
Add back interest payment on loan	48	40
	2,703	**329**
Movement in working capital:		
(Increase) in accounts receivable	(1,752)	(120)
Increase in accounts payable	3,826	699
	2,074	**579**
	6,336	**1,354**

Note 12 Capital commitments

The Company had no capital commitments as at 30 September 2015 (2014: nil).

Note 13 Operating leases

Lease commitments under non-cancellable operating leases:

Operating leases	2015 $000	2014 $000
Not later than one year	35	38
Later than one year and not later than five years	0	0
Later than five years	0	0
	35	**38**

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 14 Contingent liabilities

The Company had no contingent liabilities as at 30 September 2015 (2014: Nil).

Note 15 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 2015 venue expenses were 15.6% (2014: 14.8%) of GMP.

Note 16 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 17 Events subsequent to the reporting date

There have been no events subsequent to the reporting date (2014: Nil).